We are subject to various laws, regulations, and administrative rules in the People's Republic of China that affect many aspects of our business operations. This section summarizes the principal PRC laws, regulations, and rules that we believe are relevant to our business and operations.

## COMPANY ESTABLISHMENT, FOREIGN INVESTMENT ADMINISTRATION AND OVERSEAS INVESTMENT

Pursuant to the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People's Congress (the "**NPCSC**"), amended in December 1999, August 2004, October 2005, December 2013 and October 2018, and most recently amended in December 2023, and effective on July 1, 2024, companies established in China may take the form of limited liability companies or joint stock limited companies, and the *Company Law* applies to all companies established in China. Each company possesses independent legal person property and enjoys legal person property rights. The lawful rights and interests of companies are protected by law and shall not be infringed.

### Foreign Investment Administration

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**"), promulgated by the National People's Congress (the "**NPC**") on March 15, 2019 and effective on January 1, 2020, defines "foreign investment" as investment activities conducted directly or indirectly within the territory of China by foreign individuals, enterprises or other organisations (the "foreign investors"), including the following circumstances: (1) foreign investors establishing foreign-invested enterprises in China independently or jointly with other investors; (2) foreign investors acquiring shares, equities, property interests or other similar rights and interests of enterprises within China; (3) foreign investors investing in new projects in China independently or jointly with other investors; and (4) foreign investors making investments through other means prescribed by laws and administrative regulations or the State Council. The *Foreign Investment Law* also establishes the management systems of pre-establishment national treatment and negative list for foreign investment access. "Pre-establishment national treatment" refers to the treatment given to foreign investors and their investments during the investment access stage, which is not lower than that given to their domestic counterparts; "negative list" refers to special administrative measures for the access of foreign investment in specific fields as stipulated by the State. The State shall give national treatment to foreign investment beyond the negative list. The negative list shall be issued by or upon approval by the State Council.

In December 2019, the State Council promulgated the *Regulations for the Implementation of 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 "**Implementation Regulations**"), which took effect in January 2020. The *Implementation Regulations* further clarify that the State encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continuously optimizes the foreign investment environment, and advances a higher level of opening-up.

Foreign investment activities within China are primarily subject to the *Special Administrative Measures (Negative List) for Foreign Investment Access* (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**") and the *Catalogue of Encouraged Industries for Foreign Investment* (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Catalogue of Encouraged Industries**"). The *Negative List,* effective on November 1, 2024, centrally sets out special administrative measures (restrictions or prohibitions) for foreign investment access, covering 11 industrial sectors. Sectors not included in the *Negative List* are subject to the principle of equal treatment for domestic and foreign investments. The *Catalogue of Encouraged Industries* will take effect on February 1, 2026 and specifies industries encouraged for foreign investment. The

Catalogue consists of the *Catalogue of Encouraged Industries for Foreign Investment Nationwide* and the *Catalogue of Advantageous Industries for Foreign Investment in the Central and Western Regions*, and is intended to encourage and guide foreign investment into specific industries, sectors and regions.

The *Measures for Foreign Investment Information Reporting* (《外商投資信息報告辦法》) were issued by the Ministry of Commerce of the People's Republic of China (the "**MOFCOM**") and the State Administration for Market Regulation (the "**SAMR**") on December 30, 2019 and took effect on January 1, 2020. Where foreign investors conduct investment activities directly or indirectly within China, they shall report investment information in accordance with the *Measures for Foreign Investment Information Reporting*, submitting initial reports, change reports, deregistration reports and annual reports to the competent commerce authorities. When submitting annual reports, foreign-invested enterprises shall provide basic enterprise information, information on investors and their ultimate controllers, and information on business operations and balance sheets. Where special administrative measures relating to foreign investment administrative licensing are involved, foreign-invested enterprises shall also submit relevant industry encircling information.

**Overseas Investment**

Pursuant to the *Regulations on Foreign Exchange Administration of Overseas Direct Investment by Domestic Institutions* (《境內機構對外直接投資外匯管理規定》) promulgated by the State Administration of Foreign Exchange (the "SAFE") on July 13, 2009 and came into effect on August 1, 2009, domestic institutions may apply for foreign exchange registration for overseas direct investment upon approval of overseas investment. In addition, the SAFE promulgated *the Notice on Further Simplifying and Improving the Foreign Exchange Administration Policy for Direct Investment* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) on February 13, 2015 and implemented on June 1, 2015, canceling the administrative license for foreign exchange registration and approval of overseas direct investment, and banks have the right to directly examine and handle foreign exchange registration of overseas direct investment.

Pursuant to *the Administrative Measures on Overseas Investments* (《境外投資管理辦法》) promulgated by the Ministry of Commerce on September 6, 2014 and came into effect on October 6, 2014, the Ministry of Commerce and the competent commerce authorities at the provincial level shall approve or file the overseas investment of enterprises based on the actual situation of the investment. Overseas investments involving sensitive countries or regions and sensitive industries shall be subject to approval management. Overseas investments under other circumstances shall be subject to filing management.

According to *the Measures for the Administration of Overseas Investment of Enterprises* (《企業境外投資管理辦法》) promulgated by the National Development and Reform Commission on December 26, 2017 and came into effect on March 1, 2018, investment activities in which Chinese mainland enterprises directly or indirectly control the ownership, controlling interest, operation and management rights and other related interests of their overseas enterprises by means of investment in assets and interests or by providing financing and guarantees shall apply to the National Development and Reform Commission for approval or filing in accordance with the relevant conditions of overseas investment projects. Overseas investment projects involving sensitive countries and regions or sensitive industries shall be approved and managed by the National Development and Reform Commission, while non-sensitive overseas investment projects shall be subject to filing management. For non-sensitive projects of USD300 million or more invested by centrally governed enterprises or local enterprises in Chinese mainland or implemented by overseas enterprises controlled by them, investors shall file with the National Development and Reform Commission; for non-sensitive overseas investment projects with an investment amount of less than USD300 million (excluding USD300 million) by Chinese mainland investors, investors shall file with the provincial development and reform commission.

## REGULATIONS ON RIDE-HAILING SERVICES

The Interim Measures for the Management of Online Ride-Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》) (the "**Online Ride-Hailing Measures**"), which was promulgated by the Ministry of Transport of the PRC (the "**MOT**"), the Ministry of Industry and Information Technology of the PRC (the "**MIIT**"), the Ministry of Public Security (the "**MPS**"), the MOFCOM, the State Administration of Industry and Commerce (the "**SAIC**"), the General Administration of Quality Supervision, Inspection and Quarantine (together with the SAIC are reformed and merged into the SAMR) and Cyberspace Administration of China (the "**CAC**") on July 27, 2016 and was last amended on November 30, 2022, regulates the business activities of the ride-hailing services and to ensure the safety of the passengers by establishing a regulatory system for the platforms, vehicles and drivers engaged in the ride-hailing services. Before carrying out the ride-hailing services, a ride-hailing service platform shall obtain the license for the ride-hailing business, complete the record filing of internet information services with the provincial authorities of communications administration in the place of its enterprise registration and handle the filing procedures with the acceptance agency designated by the provincial authorities of public security where the management and operation organization of the ride-hailing service platform locates. Such platform must be capable of exchanging and processing the relevant information and data with its servers located within the PRC, sign an agreement on the provision of payment and settlement services with the bank or non-banking payment institution for electronic payment, establish a sound operational management system, work safety management system and service quality assurance system, and fulfill other conditions as stipulated. Platforms that conduct the activities of ride-hailing operation without obtaining the permit as prescribed may be subject to an order of correction, a warning by the local authority, a fine of RMB10,000 to RMB30,000, or even criminal liabilities if a violation constitutes a crime.

Based on the Online Ride-Hailing Measures, vehicles used for the ride-hailing services shall be equipped with the transportation permit for the vehicles used for the ride-hailing services, issued by the competent transport authorities in the place where relevant services activities are carried out. The relevant parties may be imposed a fine of RMB3,000 to RMB10,000 for ride-hailing business without the necessary permit for used vehicles. Drivers must also satisfy certain conditions in order to engage in the ride-hailing services, including, among others, the driver license for corresponding vehicles, driving experience of over 3 years and no criminal records of violence. Failure of obtainment of the driver license for ride-hailing services may lead to a fine of RMB200 to RMB2,000. In addition, platforms may be subject to an order of correction and imposed a fine of RMB5,000 to RMB10,000, and in severe cases a fine of RMB10,000 to RMB30,000, if, among others: (1) the relevant vehicle or driver providing ride-hailing services has not obtained the applicable permit; or (2) the vehicle or driver providing services online is not the same as the actual vehicle or driver providing services offline. The Online Ride-Hailing Measures stipulates that the competent transport authorities shall build and improve the government supervision platform and realize sharing of information with the ride-hailing platform. The information to be shared includes the basic information of the vehicles and drivers, service quality and the comments from the passengers.

The Notice on the Joint Regulation of the Whole Chain and Process for the Online Ride-Hailing Industry (《關於加強網絡預約出租汽車行業事前事中事後全鏈條聯合監管有關工作的通知》), which was promulgated by the General Office of the MOT, the MIIT, the General Office of the MPS, the Ministry of Human Resources and Social Security of the PRC (the "**MHRSS**"), the People's Bank of China (the "**PBOC**"), State Taxation Administration (the "**STA**"), the General Office of the SAMR and the CAC on February 7, 2022, stipulates that the enterprises of the ride-hailing platform may be subject to the joint regulation of the whole chain and process where such enterprises commit violations of the laws and regulations, such as engaging in the activities of ride-hailing operation without obtaining the permit, distributing orders to drivers or vehicles failing to obtain the corresponding permits, failing to transmit relevant data information to the regulatory information interaction platform of ride-hailing as required and illegally operating payment or settlement of capital.

Pursuant to the Administrative Measures for Operation of the Interactive Platform for Regulatory Information of Online Ride-Hailing (《網絡預約出租汽車監管信息交互平台運行管理辦法》), promulgated by the MOT and effective on July 1, 2022, the municipal transport authorities shall transmit the relevant licensing information of the platform companies, vehicles and drivers engaged in ride-hailing services in real time through the information system of the transport administration in order that such information will be shared in real time with the ministry-level platform. The information that cannot be shared in real time shall be entered and uploaded promptly into the industry platform, in principle, at least once a week. The ride-hailing platform companies shall transmit some basic static data, which includes the relevant information of the platform companies, vehicles and drivers, and some dynamic data, which includes order information, operation information, location information, service quality information to the industry platform, from the next day of the date when the ride-hailing platform companies obtain the licenses for the ride-hailing business.

## REGULATIONS ON TAXI ON-CALL SERVICE

The Regulations on the Management of Cruise Taxi Operation Service (《巡遊出租汽車經營服務管理規定》), which was promulgated by the MOT and the latest amended was on August 11, 2021, stipulates that "cruise taxi on call service" refers to the provision of cruise taxi operation service at the agreed time and place according to the service needs of passengers through telecommunications, the Internet and other means. Each region should develop tour taxi call services based on actual conditions, adopt various methods to build tour taxi call service platforms, promote manual telephone call services, mobile app call services, and establish and improve call service management systems. Tour taxi operators should build or connect to tour taxi call service platforms according to actual situations, and provide tour taxi call services.

## REGULATIONS ON THE AUTOMOBILE OPERATING LEASE

According to the Notice on Promoting the Healthy Development of the Automobile Lease Industry (《關於促進汽車租賃業健康發展的通知》), which was promulgated by the MOT on 2 April 2011 with immediate effect, the automobile operating lease enterprises shall sign an automobile operating lease contract with the lessee to provide vehicles that meet the technical standards with complete and valid documents, and shall not engage in road passenger or cargo transportation operations without permission.

According to the Measures for the Administration of Operation Services of Micro and Small Passenger Vehicle Leasing (《小微型客車租賃經營服務管理辦法》) issued by the MOT on December 20, 2020, and amended on August 11, 2021, those engaged in the leasing operations of micro and small passenger vehicles shall, within 60 days after handling relevant registration procedures with the market supervision and administration department or commencing business activities through the establishment of new service institutions, file a record with the local municipal or county-level administrative department in charge of micro and small passenger vehicle leasing near their place of operation. Failure to file a record or to amend the record as stipulated will result in an order for rectification by the administrative department in charge of micro and small passenger vehicle leasing, and a fine ranging from RMB3,000 to 10,000.

## REGULATIONS AND POLICIES ON AUTONOMOUS DRIVING VEHICLES

On December 20, 2020, the MOT promulgated the Guidance of Ministry of Transport on Promoting the Development and Application of Autonomous Driving Technology (《交通運輸部關於促進道路交通自動駕駛技術發展和應用的指導意見》), which provides specific guidance on promoting the development and application of autonomous driving technology in terms of strengthening technological R&D, promoting infrastructure intelligence, and carrying out pilot demonstrations.

The MIIT, the MPS and the MOT jointly issued and implemented the Rules for the Administration of the Road Testing and Demonstrative Application of Intelligent Connected Vehicles (for Trial Implementation) (《智能網聯汽車道路測試與示範應用管理規範(試行)》) on July 27, 2021, which was implemented from September 1, 2021, any entity intending to conduct a road testing of autonomous driving vehicles must obtain a road-testing certificate and a temporary license plate for each tested vehicle. To qualify, (i) the applicant must be an independent legal person registered in PRC with the capacity to conduct intelligent connected vehicles-related businesses, which has established protocol to test and assess the performance of autonomous driving system and is capable of conducting real-time remote monitor of the road tested vehicles, and with the ability of event recording, analysis and reproduction of the vehicles and ensuring the network security of the vehicles under road testing and the remote monitor platforms; (ii) the vehicle under road testing must be equipped with a driving system that can switch between autonomous pilot mode and human operating mode in a safe, quick and simple manner and allow real-time conversion to human operating mode under any circumstance; (iii) the tested vehicle must be equipped with the functions of recording, storing and real-time monitoring the condition of the vehicle and is able to transmit real-time data of the vehicle; (iv) the applicant entity must sign an employment contract or a labor service contract with the driver of the tested vehicle, who must be a licensed driver with more than three years' driving experience and a track record of safe driving and is familiar with the testing protocol for autonomous driving system and proficient in operating the system; (v) the applicant entity must insure each tested vehicle for at least RMB5 million against car accidents or provide a letter of guarantee covering the same. In addition, during testing, the testing entity should post a noticeable identification logo for autonomous driving test on each tested car and should not use autonomous driving mode unless in the permitted testing areas specified in the road-testing certificate. If the testing entity intends to conduct road testing in the region beyond the administrative territory of the certificate issuing authority, it must apply for a separate road-testing certificate and a separate temporary license plate from the relevant authority supervising the road-testing of autonomous cars in that region.

On November 17, 2023, the MIIT, the MPS, the Ministry of Housing and Urban-Rural Development (the "**MOHURD**"), and the MOT jointly issued the Notice on the Pilot Work on the Admission and Road Access of Intelligent Connected Vehicles (《關於開展智能網聯汽車准入和上路通行試點工作的通知》) (the "**Notice of Pilot Work**"). The Notice of Pilot Work requires the automobile manufacturers and the users to form a consortium for declaration, which shall be approved by the people's government of the city of operation, reviewed by the competent provincial department of industry and information technology in conjunction with other relevant authorities and reported to the MIIT. Ultimately, the MIIT, the MPS, the MOHURD and the MOT will organize experts to conduct a preliminary review of the declared proposals and decide on the consortiums that will participate in the pilot operation.

## REGULATIONS ON VALUE-ADDED TELECOMMUNICATIONS SERVICES

The PRC Telecommunications Regulations (《中華人民共和國電信條例》), promulgated by the State Council on September 25, 2000 and most recently amended and came into effect on February 6, 2016, provides the regulatory framework for telecommunications service providers in China. The PRC Telecommunications Regulations classify telecommunications services into basic telecommunications services and value-added telecommunications services. Providers of value-added telecommunications services are required to obtain a license for value-added telecommunications services, and violators of this rule may be ordered to make rectifications, have their illegal gains confiscated and be imposed upon a fine, or, under severe circumstances, be ordered to suspend the business operations. According to the Catalog of Telecommunications Services (《電信業務分類目錄》), attached to the PRC Telecommunications Regulations and recently amended by the MIIT on June 6, 2019, information services provided via public communication networks or the internet are value-added telecommunications services.

As a subcategory of the value-added telecommunications services, internet information services are regulated by the Administrative Measures on Internet Information Services, or the ICP Measures (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000 and recently amended on December 6, 2024. Internet information services are defined as "services that provide information to online users through the internet". The ICP Measures classify internet information services into non-commercial internet information services and commercial internet information services. Commercial internet information service providers must obtain an ICP License, or Value-Added Telecommunications Business Operating License, from the telecommunications administration authority of the province, autonomous region, or municipality directly under the Central Government, or from the competent department of the State Council. A ICP License has a term of five years and can be renewed within 90 days prior to its expiration, according to the Administrative Measures for Telecommunications Businesses Operating Licensing (《電信業務經營許可管理辦法》), which was promulgated by the MIIT on March 1, 2009, recently amended on July 3, 2017, and became effective on September 1, 2017.

In addition, the provision of application information services and application distribution services in the PRC is specially regulated by the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》), which was promulgated by the CAC on June 28, 2016 and last amended on June 14, 2022. The CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of nationwide or local application information respectively. The application information service providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations, including verifying user identity information, protecting users' information, examining and managing information content, etc.

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), promulgated by the State Council on December 11, 2001 and most recently amended on March 29, 2022, requires foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign joint ventures, and foreign investors shall not acquire more than 50% of the equity interest of such an enterprise. Moreover, the joint ventures must obtain approvals from the MIIT and the MOFCOM, or their authorized local counterparts, before launching the value-added telecommunications business in China.

Pursuant to the Ministry of Information Industry's Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), issued by the Ministry of Information Industry, the predecessor of the MIIT, on July 13, 2006, domestic value-added telecommunications enterprises were prohibited to rent, transfer, or sell licenses for value-added telecommunications services to foreign investors in any form, or provide any resources, premises, facilities, or other assistance in any form to foreign investors for their illegal operation of any value-added telecommunications business in China.

## REAL PROPERTY

Pursuant to the *Civil Code of the People's Republic of China* (《中華人民共和國民法典》), the establishment, modification, transfer and extinction of real property rights that are required by law to be registered shall take effect upon their registration in the real property register. The real property ownership certificate serves as evidence of the holder's entitlement to the relevant real property rights.

Pursuant to the *Interim Regulations on Real Property Registration* (《不動產登記暫行條例》), issued on November 24, 2014 and most recently amended on March 10, 2024, and effective on May 1, 2024, and the *Implementing Rules of the Interim Regulations on Real Property Registration* (《不動產登記暫行條例實施細則》), issued on January 1, 2016 and most recently amended on May 9, 2024, and effective on the same date, the State implements a unified real property registration system. Real property registration is conducted in accordance with the principles of strict administration, stability and continuity, and convenience for the public. Real property registration is handled by the real property registration authority of the people's government at the county level or above in the location where the real property is situated.

## PROPERTY LEASING

Pursuant to the *Administrative Measures for the Leasing of Commodity Housing* (《商品房屋租賃管理辦法》), issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on December 1, 2010 and effective on February 1, 2011, within 30 days after the execution of a property leasing contract, the parties to the leasing contract shall complete registration and record-filing procedures with the competent construction (real property) authorities of the people's governments at the municipal, prefectural or county level in the location where the leased property is situated. Where the parties fail to complete such registration and record-filing procedures, the competent construction (real property) authorities of the people's governments at the municipal, prefectural or county level shall order rectification within a prescribed time limit. If an individual fails to rectify within such time limit, a fine of up to RMB1,000 may be imposed; if an entity fails to rectify within such time limit, a fine ranging from RMB1,000 to RMB10,000 may be imposed.

In addition, properties falling under any of the following circumstances may not be leased: (i) properties that constitute illegal constructions; (ii) properties that fail to comply with mandatory construction standards relating to safety, disaster prevention or other engineering requirements; (iii) properties whose designated usage has been changed in violation of applicable regulations; or (iv) other circumstances under which leasing is prohibited by laws or regulations. Where the foregoing provisions are violated, the competent construction (real property) authorities of the people's governments at the municipal, prefectural or county level shall order rectification within a prescribed time limit. Where no illegal gains are involved, a fine of up to RMB5,000 may be imposed; where illegal gains are involved, a fine ranging from one to three times the amount of such illegal gains, but not exceeding RMB30,000, may be imposed.

Pursuant to the *Civil Code of the People's Republic of China* (《中華人民共和國民法典》), a lessee may sublease the leased property to a third party with the consent of the lessor. Where a property is subleased, the leasing contract between the lessee and the lessor shall remain valid. Where a lessee subleases the property without the consent of the lessor, the lessor is entitled to terminate the leasing contract. In addition, where the lessor transfers ownership of the leased property, the leasing contract between the lessee and the lessor shall remain valid. Where a property has been leased or its ownership has been transferred prior to the creation of a mortgage, the previously established leasing relationship shall not be affected by such mortgage.

## DATA SECURITY, CYBERSECURITY AND PRIVACY PROTECTION REGULATIONS

### Cybersecurity and Data Security

China has enacted various laws and regulations with respect to cybersecurity, data security, and protection of personal information in ensuring law-based cyberspace governance.

According to the PRC National Security Law (中華人民共和國國家安全法) issued by the SCNPC on February 22, 1993 and latest revised on July 1, 2015, the state shall establish systems and mechanisms for national security review and supervision, conduct national security review on key technology, network information technology products and services related to state security to prevent and mitigate state security risks in an effective way.

The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), effective June 1, 2017 and amended on October 28, 2025 (effective January 1, 2026), prohibits stealing or illegally trading personal information. Those who construct or operate networks or provide services through networks shall take technical and other necessary measures to ensure cybersecurity and stable operation, effectively respond to cybersecurity incidents, prevent cyber-related illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. In the event of a violation of the relevant provisions and requirements under the Cybersecurity Law, individuals or organizations may face penalties including warnings, fines, confiscation of illegal gains, revocation of licenses, or closure of websites, and may be subject to criminal liability in serious circumstances.

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the NPCSC on June 10, 2021, and came into effect on September 1, 2021, entities carrying out data processing activities shall comply with laws and administrative regulations, respect social morality and ethics, adhere to business and professional ethics, act in good faith, fulfil data security protection obligations, assume social responsibility, and shall not endanger national security or public interests, nor harm the lawful rights and interests of individuals or organizations. Any organization or individual collecting data shall employ lawful and proper means and shall not acquire data through theft or other illegal methods.

On December 8, 2022, the MIIT issued the Measures for the Administration of Data Security in the Field of Industry and Information Technology (for Trial Implementation) (工業和信息化領域數據安全管理辦法(試行)), which became effective on January 1, 2023. Pursuant to the measures, data in the field of industry and information technology includes industrial data, telecommunication data, and radio frequency data generated and collected during the operation of relevant services. The measures provide for the grading system of data in the field of industry and information technology as general data, important data, or core data, and provide specific requirements for the management of data in different grades and corresponding data protection measures, during the data lifecycle of data collection, storage, processing, transmission, disclosure, and destruction for data processors in the field of industry and information technology. In particular, data processors processing important data and core data are required to complete filing with the relevant authorities for the catalogue of important data and core data.

The Several Provisions on Safety Management of Automobile Data (Trial Implementation) (汽車數據安全管理若干規定(試行)) issued by the CAC, the NDRC, the MIIT, the MPS and the MOT, on August 16, 2021, and implemented on October 1, 2021, provides for domestic automobile data processing activities and safety supervision. Important data means data that may endanger national security, public interests, or the lawful rights and interests of individuals or organizations once it has been tampered with, destroyed, leaked, or illegally obtained or used, including: (i) geographical information, personnel flow, vehicle flow, and other data of important sensitive areas such as military management zones, national defense science and industry entities, and Party and government offices at or above the county level; (ii) data reflecting economic operations such as vehicle flow and logistics; (iii) operating data of vehicle charging networks; (iv) video and image data outside vehicles, including face information, and license plate information, among others; and (v) personal information involving more than 100,000 personal information subjects, etc.

On December 28, 2021, the CAC and 12 other PRC governmental authorities jointly published the Cybersecurity Review Measures (網絡安全審查辦法), which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, CIIOs that purchase network products and services and network platform operators engaging in data processing activities that affect or may affect national security must be subject to the cybersecurity review. According to the Cybersecurity Review Measures, before purchasing any network products or services, a CIIO shall assess potential national security risks that may arise from the launch or use of such products or services, and apply for a cybersecurity review with the cybersecurity review office of CAC if national security will or may be affected. In addition, network platform operators who possess personal information of more than one million users and intend to be listed at a foreign stock exchange must apply for the cybersecurity review. Our PRC Legal Adviser made a telephonic consultation on a named basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心, CCRC) which is the competent authority entrusted by the CAC to set up cybersecurity review consultation hotline. The CCRC confirmed that the term "listing in a foreign country" under the Cybersecurity Review Measures does not apply to listings in Hong Kong, and thus the obligation to proactively apply for cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to the proposed [**REDACTED**].

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Cross-border Transfer of Data (數據出境安全評估辦法), which became effective on September 1, 2022. The Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), took effective on March 22, 2024, stipulate that non-CIIO data processors transferring non-sensitive personal information of 100,000 to less than 1 million individuals, or sensitive personal information of fewer than 10,000 individuals cumulatively since January 1 of the current year, must conclude a standard contract or obtain personal information protection certification. However, exemptions from security assessments, standard contracts, and certifications are granted for transfers necessary for: (i) concluding or performing contracts (e.g., cross-border e-commerce or payments); (ii) cross-border HR management; (iii) protecting life, health, and property in emergencies; or (iv) non-CIIOs transferring non-sensitive personal information of fewer than 100,000 individuals annually.

The Regulations on Network Data Security Management (《網絡數據安全管理條例》), issued by the State Council on September 24, 2024 and became effective on January 1, 2025, require that network data processors shall, in accordance with laws, regulations and mandatory national standards, and on the basis of classified cybersecurity protection, strengthen the protection of network data security, establish and optimize a network data security management system, and take technical measures to protect network data and prevent criminal activities targeting network data. Furthermore, the Regulations include, but are not limited to, the following provisions: (i) The Data Security Regulations provide specific operational guidelines for the provisions on notification, consent, and individual rights in the Personal Information Protection Law; (ii) The Data Security Regulations stipulate the requirements for establishing an important data catalog and specify the responsibility of network data processors to identify and report important data; (iii) The Data Security Regulations optimize cross-border data security management norms and clarify the conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements.; (iv) The Data Security Regulations set out the network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities.

**Privacy Protection**

On May 28, 2020, the NPC adopted the PRC Civil Code (中華人民共和國民法典), which came into effect on January 1, 2021. The Civil Code includes a standalone Part on Personality Rights and reiterates that the personal information of natural persons shall be protected by law.

On August 20, 2021, the SCNPC issued the PRC Personal Information Protection Law (中華人民共和國個人信息保護法). The PRC Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. The PRC Personal Information Protection Law stipulates that a personal information processor should inform the purpose and method of processing to the individuals, and provide the circumstances under which a personal information processor could process personal information, which include, but are not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party.

On February 6, 2023, the MIIT promulgated the Notice of the MIIT on Further Improving the Service Capabilities of Mobile Internet Applications (工業和信息化部關於進一步提升移動互聯網應用服務能力的通知), which came into effect on February 6, 2023. The Notice on Further Improving the Service Capabilities of Mobile Internet Applications stipulates that users shall be informed of personal information processing rules in a concise, clear and easy-to understand way, and in case of changes, users shall be informed of the latest development in time. The data processors shall highlight the purpose, method and scope of sensitive personal information processing activities, and establish a list of personal information that has been collected, and do not induce users to agree to personal information processing rules with default check, small prints or lengthy texts.

On December 31, 2021, the CAC issued the Regulations on the Management of Algorithm-Based Recommendations in Internet Information Services (互聯網信息服務算法推薦管理規定), which took effect on March 1, 2022. These regulations explicitly stipulate that providers of algorithm-based recommendation services must comply with laws and regulations, respect public morals and ethics, adhere to business and professional ethics, and follow the principles of fairness, openness, transparency, scientific rationality, and good faith. Providers of algorithmic recommendation services that possess public opinion influence or the capacity for social mobilization shall, within ten working days from the date of service provision, complete the filing procedures by submitting information.

On November 25, 2022, the CAC, the MIIT and the Ministry of Public Security issued the Regulations on the Management of Deepfake Internet Information Services (互聯網信息服務深度合成管理規定), which took effect on January 10, 2023. It requires service providers to: prevent illegal activities by prohibiting deep synthesis for creating false information or endangering national security, implement labeling to clearly mark AI-generated content and prohibit tampering with such identifiers, enforce real-name verification for users and establish mechanisms to refute rumors. Conduct security assessments for tools editing biometric data (e.g., faces, voices) and ensure user consent. On July 10, 2023, the CAC issued the Interim Measures for the Administration of Generative Artificial Intelligence Services (生成式人工智能服務管理暫行辦法), which took effect on August 15, 2023. According to these regulations, providers of generative artificial intelligence services shall assume the responsibilities of online information content producers in accordance with the law and fulfill their obligations regarding online information security. Where personal information is involved, they shall assume the responsibilities of a personal information processor in accordance with the law and fulfill their obligations regarding personal information protection. If a provider discovers illegal content, it shall promptly take remedial measures such as ceasing generation, stopping transmission, and removal; implement corrective actions such as optimizing model training; and report the matter to the relevant competent authorities.

On March 7, 2025, the CAC, the MIIT, the Ministry of Public Security, and the NRTA jointly promulgated the Regulations on Labeling Artificial Intelligence-Generated Content (人工智能生成合成內容標識辦法), which became effective and implemented on September 1, 2025, establishes a dual-labeling system requiring explicit and implicit identifiers for AI-generated content, stipulates that service providers shall add both types of identifiers and disclose labeling specifications in user agreements, requires internet application distribution platforms to verify labeling compliance during app review, and prohibits any organization or individual from maliciously removing, altering, forging, or concealing the mandated identifiers.

On February 12, 2025, the CAC issued the Administrative Measures for the Compliance Audit of Personal Information Protection (個人信息保護合規審計管理辦法), which took effect on May 1, 2025. According to the Administrative Measures for the Compliance Audit of Personal Information Protection, the term "compliance audit of personal information protection" refers to supervisory activities that review and evaluate whether the personal information processing activities of personal information processors comply with laws and administrative regulations. Personal information processors that process the personal information of more than 10 million individuals shall carry out the compliance audit of personal information protection at least every two years.

## INTELLECTUAL PROPERTY REGULATIONS

### Patents

Pursuant to the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》), promulgated by the Standing Committee of the National People's Congress on March 12, 1984, most recently amended on October 17, 2020 and effective on June 1, 2021; the *Implementing Regulations of the Patent Law of the People's Republic of China* (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, most recently amended on December 11, 2023 and effective on January 20, 2024; and the *Transitional Measures for Examination Business Related to the Implementation of the Amended Patent Law and Its Implementing Regulations* (《關於實施修改後的專利法及其實施細則相關審查業務處理的過渡辦法》), issued by the China National Intellectual Property Administration on December 21, 2023 and effective on January 20, 2024, from the filing date, the term of protection for invention patents is 20 years; the term for utility model patents is 10 years; the term for design patents filed before May 31, 2021 is 10 years; and the term for design patents filed on or after June 1, 2021 is 15 years. China adopts a "first-to-file" principle under its patent regime. Where two or more applicants file patent applications for the same invention, utility model or design, the patent right will be granted to the applicant who first files the application. An invention or utility model must possess novelty, inventiveness and practical applicability in order to be granted a patent. Any third party must obtain permission or authorisation from the patent holder to use a patent. Otherwise, unauthorised use constitutes patent infringement.

### Trademarks

Pursuant to the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), promulgated by the Standing Committee of the National People's Congress on August 23, 1982 and amended on April 23, 2019 and effective on November 1, 2019, and the *Regulations for the Implementation of the Trademark Law of the People's Republic of China* (《中華人民共和國商標法實施條例》), promulgated on August 3, 2002 and most recently amended on April 29, 2014, the validity period of a registered trademark is 10 years from the date of registration. Within 12 months prior to the expiration of the validity period, a registrant seeking to continue using the trademark shall apply for renewal. A six-month grace period is available if the registrant fails to apply for renewal within the prescribed time limit. Each renewal extends the validity period by 10 years, calculated from the day following the expiration of the previous validity period. A registered trademark that is not renewed upon expiration will be cancelled. The competent market regulation authorities have the authority to investigate, in accordance with the law, any acts infringing upon the exclusive right to use registered trademarks. Where a suspected criminal offence is involved, the case shall be promptly transferred to the judicial authorities for handling in accordance with the law.

### Domain Names

Pursuant to the *Administrative Measures on Internet Domain Names* (《互聯網域名管理辦法》), issued by the Ministry of Industry and Information Technology ("MIIT") on August 24, 2017 and effective on November 1, 2017, the establishment of domain name root servers and root server operating entities, domain name registration administration institutions and domain name registration service providers within China is subject to approval by the MIIT or the competent telecommunications administrative authorities of provinces, autonomous regions and municipalities directly under the central government in accordance with relevant regulations. Domain name registration services shall follow a "first-come, first-served" principle. Upon approval as a domain name holder, an applicant may obtain the domain name in accordance with applicable regulations. Pursuant to 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》) issued on November 27, 2017 and effective on January 1, 2018, internet information service providers and other entities are required to fulfil obligations related to combating terrorism and safeguarding cybersecurity.

**Copyright Registration**

Pursuant to the *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》), promulgated by the Standing Committee of the National People's Congress on September 7, 1990, and most recently amended on November 11, 2020 and effective on June 1, 2021, and the *Regulations for the Implementation of the Copyright Law of the People's Republic of China* (《中華人民共和國著作權法實施條例》), promulgated by the State Council on August 2, 2002, and most recently amended on January 30, 2013 and effective on March 1, 2013, copyright owners enjoy various moral rights and property rights, including the right of publication, the right of authorship, the right of reproduction, and the right of dissemination through information networks.

Pursuant to the *Measures for the Registration of Computer Software Copyright* (《計算機軟件著作權登記辦法》), issued by the National Copyright Administration on February 20, 2002 and the *Regulations on the Protection of Computer Software* (《計算機軟件保護條例》), amended by the State Council on January 30, 2013 and effective on March 1, 2013, the National Copyright Administration is primarily responsible for the nationwide administration of software copyright registration, and the China Copyright Protection Center is designated as the software registration authority. The China Copyright Protection Center issues registration certificates to applicants whose software copyright applications comply with the *Measures for the Registration of Computer Software Copyright* and the *Regulations on the Protection of Computer Software*.

**Trade Secrets**

According to the *Law Against Unfair Competition of the People's Republic of China* (《中華人民共和國反不正當競爭法》), promulgated by the Standing Committee of the National People's Congress in September 1993 and amended on June 27, 2025, "trade secrets" refer to technical information, business information, and other commercial information that is not known to the public, has commercial value, and is subject to confidentiality measures taken by the right holder. Pursuant to the *Law Against Unfair Competition of the People's Republic of China*, business operators are prohibited from infringing upon others' trade secrets through any of the following means: (1) obtaining trade secrets of a lawful owner or holder by improper means such as theft, bribery, fraud, coercion, electronic intrusion or other illegal methods; (2) disclosing, using or allowing others to use trade secrets obtained through the improper means described in the preceding item; (3) disclosing, using or allowing others to use trade secrets in violation of contractual agreements or confidentiality requirements imposed by the right holder; or (4) instigating, inducing or assisting others to breach confidentiality obligations or violate the right holder's confidentiality requirements regarding trade secrets, thereby disclosing, using or allowing others to use the right holder's trade secrets. Where a third party knows or should have known of the above illegal acts but still acquires, uses, or discloses another party's trade secrets, it may be deemed to have committed misappropriation of trade secrets. The right holder whose trade secrets are misappropriated may apply for administrative rectification, and the regulatory authority may order cessation of the illegal conduct and impose fines on the infringing party.

**Foreign Exchange Administration Regulations**

On January 29, 1996, the State Council promulgated the *Regulations of the People's Republic of China on Foreign Exchange Administration* (《中華人民共和國外匯管理條例》), which came into effect on April 1, 1996 and were subsequently amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under the current account shall be made in accordance with the administrative regulations of the foreign exchange authority of the State Council on foreign exchange payments and purchases, using self-owned foreign exchange or foreign exchange purchased from financial institutions engaged in foreign exchange conversion and sale, upon presentation of valid supporting documents. Domestic entities and individuals engaging in overseas direct investment or in the issuance and trading of overseas securities and derivatives shall complete registration procedures in accordance with the regulations of the foreign exchange authority of the State Council.

On November 19, 2012, the SAFE issued the *Circular on Further Improving and Adjusting Foreign Exchange Administrative Policies on Foreign 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》) (the "**SAFE Circular No. 59**"), which came into effect on December 17, 2012 and was subsequently amended on May 4, 2015 and October 10, 2018, with partial repeal on December 30, 2019. SAFE Circular No. 59 aims to simplify foreign exchange procedures and promote the facilitation of investment and trade. Pursuant to SAFE Circular No. 59, matters such as the opening of various special-purpose foreign exchange accounts (e.g., pre-establishment expenses account, foreign exchange capital account, margin account), reinvestment in China of RMB income earned by foreign investors, and remittance of foreign exchange profits and dividends by foreign-invested enterprises to overseas shareholders no longer require SAFE approval or verification. In addition, the same entity may open multiple capital accounts in different provinces. Subsequently, in February 2015, the SAFE issued the *Circular on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was partially repealed in December 2019. This Notice provides that banks may directly handle foreign exchange registration and approval matters under foreign direct investment without prior SAFE approval, while the SAFE and its branches conduct indirect supervision of such registration and approval through banks.

On May 10, 2013, the SAFE issued the *Provisions on Foreign Exchange Administration of Domestic Direct Investments by Foreign Investors* (《外國投資者境內直接投資外匯管理規定》) ("SAFE Circular No. 21"), which came into effect on May 13, 2013, was amended on October 10, 2018, and partially repealed on December 30, 2019. SAFE Circular No. 21 provides that the SAFE and its local branches shall adopt a registration-based administration approach for foreign investors' direct investment in China, and banks shall handle foreign exchange business related to direct investment in China based on the registration information provided by the SAFE and its local branches.

According to the *Notice on Issues Concerning Capital Management for Overseas Listing of Domestic Enterprises* (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) issued on December 24, 2025 and effective on April 1, 2026, domestic companies shall complete overseas [**REDACTED**] registration within 30 working days from the date of the first [**REDACTED**] day of the overseas [**REDACTED**] or upon completion of the [**REDACTED**]. Funds raised by domestic enterprises through overseas [**REDACTED**] shall, in principle, be promptly remitted back to China.

Pursuant to the *Circular of the State Administration of Foreign Exchange Concerning Reform of the Administrative Approaches to Settlement of Foreign Exchange Capital of Foreign-invested Enterprises* (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "SAFE Circular No. 19"), issued on March 30, 2015 and effective on June 1, 2015, partially repealed on December 30, 2019 and amended on March 23, 2023, foreign-invested enterprises may conduct self-directed settlement of their foreign exchange capital based on the actual needs of their operational activities. However, foreign-invested enterprises shall not use the RMB funds obtained from foreign exchange settlement for: (a) any expenditure that exceeds their business scope or is prohibited by laws and regulations; (b) direct or indirect securities investment; (c) providing entrusted loans (except where permitted by their business scope), repaying inter-enterprise borrowings (including payments made by third parties on their behalf), or repaying RMB bank loans that have been on-lent to third parties; (d) purchasing non-self-use real estate (except for real estate enterprises).

On October 23, 2019, the SAFE issued the *Circular on Further Promoting Cross-border Trade and Investment Facilitation* (《國家外匯管理局關於進一步促進跨境貿易投准便利化的通知》), which was most recently amended on December 4, 2023. The Circular provides that all foreign-invested enterprises may use RMB converted from foreign currency capital to make domestic equity investments, provided that such investments are authentic, lawful and in compliance with the *Negative List for Foreign Investment Access* (《外商投資准入特別管理措施(負面清單)》). In addition, the Circular removes the restriction on the use of funds from domestic account foreign exchange settlements by foreign-invested enterprises for asset monetization, and relaxes the restrictions on the use and foreign exchange settlement of margin funds by foreign investors. Qualified enterprises in pilot zones are also permitted to use income under capital accounts (such as capital contributions, foreign debt and proceeds from overseas [**REDACTED**]) for domestic payments without submitting item-by-item authenticity verification materials to banks in advance, provided that the use of funds is genuine, compliant and in accordance with the prevailing regulations on the administration of capital proceeds.

**Labour Protection, Social Security and Housing Provident Fund**

Pursuant to the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), promulgated by the Standing Committee of the National People's Congress on July 5, 1994, effective on January 1, 1995, and amended on August 27, 2009 and December 29, 2018, the *Labour Contract Law of the People's Republic of China*, promulgated by the Standing Committee of the National People's Congress on June 29, 2007, effective on January 1, 2008 and amended on December 28, 2012, and implemented from July 1, 2013, and the *Regulations on Implementation of the Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法實施條例》), promulgated by the State Council on September 18, 2008, employers are required to enter into written labour contracts with employees. In addition, employee wages shall not be lower than the local minimum wage standards. Employers are required to establish occupational safety and health systems, strictly comply with national standards and regulations, provide occupational safety and health education to employees, offer working conditions and necessary protective equipment in compliance with national requirements, and conduct regular health examinations for employees engaged in work involving occupational hazards.

Pursuant to the *Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases* (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) issued by the Supreme People's Court on July 31, 2025, and effective on September 1, 2025, provisions are made regarding labor disputes involving employers' liability for employment, confirmation of labor relations, termination of labor contracts, and non-compete restrictions, among other matters.

Pursuant to the *Social Insurance Law of the People's Republic of China* (《中華人民共和國社會保險法》), promulgated by the Standing Committee of the National People's Congress on October 28, 2010, effective on July 1, 2011 and amended on December 29, 2018, the *Interim Regulations on the Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》), promulgated by the State Council on January 22, 1999 and amended on March 24, 2019, and the *Regulations on Administration of Housing Provident Funds* (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999 and amended on March 24, 2019, employers are required to complete the procedures for opening social insurance accounts and housing provident fund accounts within 30 days of establishment, and to make contributions for employees to basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance, and the housing provident fund. Employers that fail to make contributions in accordance with applicable regulations may be subject to fines and ordered to make up the outstanding payments within a prescribed period.

China's national medical insurance program was initially implemented pursuant to the *Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees* (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, which requires all urban employers to enrol their employees in the basic medical insurance program, with insurance premiums jointly borne by employers and employees. On July 10, 2007, the State Council issued the *Guiding Opinions on Launching the Pilot Program for Basic Medical Insurance for Urban Residents* (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》), which further expanded the coverage of basic medical insurance and allowed urban residents (rather than urban employees) in pilot regions to voluntarily participate in the urban resident basic medical insurance scheme. In addition, pursuant to the *Opinions of the State Council* *on Integrating the Basic Medical Insurance System for Urban and Rural Residents* (《國務院關於整合城鄉居民基本醫療保險制度的意見》) issued on January 3, 2016, the basic medical insurance system for urban residents and the New Rural Cooperative Medical Scheme were integrated to establish a unified basic medical insurance system for urban and rural residents, covering all urban and rural residents except migrant workers and flexible employment personnel who participate in the basic medical insurance program for urban employees. Insured individuals are entitled to full or partial reimbursement of medical expenses for drugs included in the National Reimbursement Drug List.

Pursuant to the *Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance* (《基本醫療保險用藥管理暫行辦法》) issued by the National Healthcare Security Administration on July 30, 2020 and effective on September 1, 2020, the scope of drugs covered by basic medical insurance is managed through the National Reimbursement Drug List. Drug expenses included in this list are payable by the basic medical insurance fund in accordance with applicable state regulations.

## TAX REGULATIONS

### Enterprise Income Tax ("EIT")

Pursuant to the *Law of the People's Republic of China on Enterprise Income Tax* (《中華人民共和國企業所得稅法》) (the "**EIT Law**"), promulgated by the National People's Congress on March 16, 2007, effective on January 1, 2008, and amended on February 24, 2017 and December 29, 2018, and the *Regulations on the Implementation of the Law of the People's Republic of China on Enterprise Income Tax*, promulgated by the State Council on December 6, 2007, effective on January 1, 2008, and most recently amended on December 6, 2024, enterprises established under PRC laws or established under foreign (or regional) laws but having their de facto management bodies located within China shall be regarded as resident enterprises. Resident enterprises are subject to enterprise income tax at a rate of 25% on their income derived from both within and outside China. Preferential enterprise income tax rates apply to key industries or projects supported or encouraged by the state. State-recognised high-tech enterprises are eligible for a preferential corporate income tax rate of 15%.

### Value-Added Tax ("VAT")

Pursuant to the *Value-Added Tax Law of the People's Republic of China* (《中華人民共和國增值稅法》) (the "**VAT Law**"), promulgated by the Standing Committee of the National People's Congress on December 25, 2024 and effective on January 1, 2026, the VAT rate for general VAT taxpayers on the sale of goods, provision of processing and repair services, leasing of tangible movable property, or importation of goods is adjusted to 13%. The VAT rate for general VAT taxpayers engaged in transportation services, postal services, basic telecommunications services, construction services, the sale or leasing of immovable property, and the transfer of land use rights is adjusted to 9%. Upon the implementation of the VAT Law (namely, January 1, 2026), the *Provisional Regulations of the People's Republic of China on Value-Added Tax* will be repealed simultaneously.

### Transfer Pricing

Pursuant to the *EIT Law* and its implementing regulations, the *Law of the People's Republic of China on the Administration of Tax Collection* (《中華人民共和國稅收徵收管理法》), as amended by the Standing Committee of the National People's Congress on April 24, 2015 and effective on the same date, and the *Rules for the Implementation of the Law of the People's Republic of China on the Administration of Tax Collection*, as amended by the State Council (《中華人民共和國稅收徵收管理法實施細則》) on February 6, 2016 and effective on the same date, transactions between associated enterprises shall be conducted in accordance with the arm's length principle. If the pricing or payment of such transactions does not comply with the arm's length principle, resulting in a reduction of taxable income, the tax authority shall have the power to make reasonable adjustments.

Pursuant to the *Public Notice of the State Taxation Administration on Matters Regarding Refining the Filing of Related Party Transactions and Administration of Contemporaneous Transfer Pricing Documentation* (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》), issued and effective on June 29, 2016, enterprises engaging in related-party transactions and meeting the relevant conditions are required to prepare contemporaneous documentation for each tax year and submit such documentation to the tax authorities as required. Such contemporaneous documentation includes master files, local files and special issue files. Pursuant to the *Administrative Measures of Special Tax Investigation and Adjustment and Mutual Agreement Procedure* (《特別納稅調查調整及相互協商程序管理辦法》), issued by the State Taxation Administration on March 17, 2017, effective on May 1, 2017 and amended on June 15, 2018, enterprises that receive special tax adjustment risk alerts or identify potential special tax adjustment risks may make voluntary self-adjustments and pay additional taxes accordingly. The tax authorities may also conduct special tax investigation adjustments on enterprises that have voluntarily made adjustments and paid additional taxes, in accordance with relevant regulations. These Measures strengthen transfer pricing administration with respect to inter-company intangible asset and service transactions and set out various investigation and adjustment methods and principles.

**H-share Full Circulation Regulations**

"Full circulation" refers to the listing and trading of domestic unlisted shares of H-share listed companies on the stock exchange, including domestic unlisted shares held by domestic shareholders before overseas listing, domestic unlisted shares issued after overseas listing, and unlisted shares held by overseas shareholders. On August 10, 2023, the China Securities Regulatory Commission ("CSRC") issued the *Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies* (2023 Revision) (《H股公司境內未上市股份申請"全流通"業務指引(2023年修正)》) (the "**Full Circulation Guidelines**").

Pursuant to the Full Circulation Guidelines, shareholders of domestic unlisted shares may, through negotiation, determine the number and proportion of shares for which they apply for circulation, provided that such determination complies with relevant laws and regulations and satisfies the provisions of state-owned asset administration, foreign investment, and industry-specific regulatory policies. The corresponding H-share company may then, as entrusted, submit the application to the CSRC. A domestic joint-stock company that is not yet listed may apply for Full Circulation to the CSRC when conducting its initial public offering and listing overseas.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited ("CSDC") and the Shenzhen Stock Exchange (the "**SZSE**") jointly issued the *Implementation Rules for H-share "Full Circulation" Business* (《H股"全流通"業務實施細則》) ("Implementation Rules"). All relevant operations pertaining to H-share Full Circulation business, including cross-border share transfer registration, custody maintenance, trading entrustment and order routing, settlement, settlement participant management, and nominee holder services, are required to comply with these *Implementation Rules*.

To implement the State Council's *Several Opinions on Strengthening Supervision, Preventing Risks, and Promoting the High-Quality Development of the Capital Market* (《關於加強監管防範風險推動資本市場高質量發展的若干意見》), uphold the unity of a high-standard opening-up and security in the capital market, and coordinate with arrangements for maintaining Hong Kong securities market trading under adverse weather conditions, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited issued the *Business Guide for H-share "Full Circulation" of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited* (《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》) on

February 7, 2020. This Guide was most recently revised and became effective on June 30, 2025. It clarifies matters related to business preparation, account arrangements, cross-border share transfer registration, and overseas centralised custody, among others. In February 2020, China Securities Depository and Clearing (Hong Kong) Corporation ("CSDC Hong Kong") issued the *Business Guide for H-share "Full Circulation" of China Securities Depository and Clearing (Hong Kong) Corporation* (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》). This Guide, most recently revised on September 20, 2024, clarifies matters related to custody, the transition of the H-share Full Circulation regime from an approval-based system to a filing-based system, and other relevant issues.

According to the Implementation Rules and the guidelines for H-share Full Circulation, shareholders applying for H-share Full Circulation ("Participating Shareholders") are required to complete the cross-border registration procedures for converting the relevant domestic unlisted shares into H-shares before trading. This involves depositing the relevant securities held by the Participating Shareholders with CSDC Hong Kong, with the central securities depository acting as the nominee holder. CSDC Hong Kong then deposits the securities in its name with Hong Kong Securities Clearing Company Limited ("HKSCC") and exercises the rights of the securities issuer through HKSCC, while the HKSCC Nominee is registered as the ultimate nominee holder on the shareholder register of the H-share listed company.

Pursuant to the operational guidelines for H-share Full Circulation, the H-share listed company must, authorised by the Participating Shareholders, designate a sole domestic securities company ("Domestic Securities Company") to participate in the H-share conversion transaction. The specific process is as follows:

The Participating Shareholders submit the H-share conversion transaction order through the Domestic Securities Company. This order is relayed via Shenzhen Securities Communication Co., Ltd. to the Hong Kong securities company designated by the Domestic Securities Company. The Hong Kong securities company then executes the corresponding securities transaction in the Hong Kong market in accordance with the aforementioned order and the rules of the Hong Kong Exchanges and Clearing Limited.

According to the operational guidelines for H-share Full Circulation, upon transaction completion, settlement will be conducted separately between: the Hong Kong securities company and CSDC Hong Kong; CSDC Hong Kong and CSDC; CSDC and the Domestic Securities Company; and the Domestic Securities Company and the Participating Shareholders.

**Overseas Securities Issuance and Listing Regulations**

On February 17, 2023, the CSRC issued the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies* (《境內企業境外發行證券和上市管理試行辦法》) (the "Measures") and five supporting rules. The Measures came into effect on March 31, 2023.

Under the Measures, domestic companies that offer and list securities on overseas markets, whether directly or indirectly, shall file a record with the CSRC and report relevant information. The Measures explicitly prohibit overseas offering and listing under any of the following circumstances: (i) the securities offering or listing is explicitly prohibited by PRC laws, administrative regulations, or relevant national provisions; (ii) a competent department under the State Council, upon lawful review, determines that the proposed securities offering or listing may endanger national security; (iii) the domestic company intending to offer or list securities on an overseas market, or its controlling shareholder(s) or de facto controller(s), have been involved in criminal activities such as corruption, bribery, misappropriation, embezzlement of property, or disruption of the order of the socialist market economy within the latest three years; (iv) the domestic company intending to offer or list securities on an overseas market is currently under investigation for suspected crimes or serious illegal activities, and no conclusion has yet been reached; or (v) there exists a significant ownership dispute over the equity interests held by the controlling shareholder(s) of the domestic company or other shareholder(s) under its control and/or its de facto controller(s).

After submitting the initial public offering application to overseas regulatory authorities, the issuer shall submit filing materials to the CSRC within three working days. When conducting subsequent securities offerings in the original overseas market of listing, the issuer shall file a record with the CSRC within three working days after the completion of the offering. When conducting subsequent securities offerings and listings in other overseas markets, the issuer shall follow the filing procedures applicable to initial public offerings.

Furthermore, after an issuer has offered and listed securities on an overseas market, it shall, within three working days of the occurrence and public disclosure of any of the following significant events, submit a report to the CSRC: (i) a change of control; (ii) an investigation or sanction by an overseas securities regulatory authority or other relevant competent authority; (iii) a change in listing status or transfer to another board; or (iv) voluntary or mandatory delisting. If, after its overseas offering and listing, the issuer undergoes a material change in its core business that falls outside the scope of business described in its filing documents, it shall, within three working days of such change, submit an ad hoc report to the CSRC, along with a relevant legal opinion issued by a domestic law firm.

On February 24, 2023, the CSRC and other competent government authorities issued the *Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies* (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Confidentiality Provisions"), which took effect on March 31, 2023. According to the Confidentiality Provisions, when a domestic company provides or publicly discloses, or causes its overseas listing vehicle to provide or publicly disclose, documents and materials containing state secrets or work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory agencies, or other entities and individuals, it shall, in accordance with the law, apply for approval from the competent authority with the power of review and approval, and file a record with the confidentiality administrative department at the same level. When a domestic company provides accounting archives or copies thereof to relevant entities and individuals such as securities companies, securities service institutions, or overseas regulatory agencies, it shall complete the corresponding procedures in accordance with relevant national regulations. Working papers formed within China by securities companies and securities service institutions in the course of providing services for the overseas offering and listing of a domestic company shall be stored within China. If such papers need to be taken out of China, the relevant filing procedures shall be completed according to relevant national regulations.