Our business operations are subject to extensive supervision and regulation from the PRC government. This section sets out a summary of the main laws and regulations applicable to our business in PRC.

REGULATIONS RELATING TO PRODUCTION ACCESS FOR ROAD MOTOR VEHICLES

Since January 1, 2001, the government authorities, from time to time, released the Announcement on Vehicle Manufacturer and Products (《車輛生產企業及產品公告》) (the "**Announcement**") to administer the production access of automobile and motorcycle manufacturers and products. The Ministry of Industry and Information Technology (the "**MIIT**") has been the authority in charge of the release of the Announcement since August 2008. Vehicles products shall pass compliance tests of various safety standards, technical specifications and environmental protection requirements to obtain the registration in the Announcement, after which the named manufacturers can produce and sell the products listed in the Announcement.

In order to optimize the admission administration of road motor vehicle manufacturers and products, the MIIT promulgated the Administrative Measures on the Admission of Road Motor Vehicle Manufacturers and Products (《道路機動車輛生產企業及產品准入管理辦法》) on November 27, 2018, which came into effect on June 1, 2019. These measures unify the admission regulations for all types of vehicle manufacturers and products, including passenger cars, trucks, buses, special-purpose vehicles, motorcycles, and trailers, and simplify the management procedures for the admission of vehicle manufacturing. Further, the MIIT promulgated various admission regulations for different types of vehicle manufacturers and products, such as the Administrative Rules on Admission of Passenger Vehicle Manufacturers and Products (《乘用車生產企業及產品准入管理規則》) which was promulgated on November 4, 2011 and took effect from January 1, 2012, and the Administrative Rules on Admission of New-Energy Vehicle Manufacturers and Products (《新能源汽車生產企業及產品准入管理規定》) which was promulgated on January 6, 2017, revised on July 24, 2020 and took effect from September 1, 2020.

REGULATIONS RELATING TO AUTOMOBILE SALES AND PROTECTION OF CONSUMER RIGHTS AND INTERESTS

According to the Measures for the Administration of Automobile Sales (《汽車銷售管理辦法》) promulgated by the MOFCOM on April 5, 2017 and effective from July 1, 2017, automobile suppliers and dealers shall file the basic information through the national automobile circulation information management system operated by the competent commerce department within 90 days from the date of obtaining a business license. Where there is any change to the information, the updates shall be made within 30 days from the date of the change. Automobile suppliers and dealers shall sell automobiles, accessories, and other related products that comply with the relevant national regulations and standards, and shall expressly indicate the product quality assurance, warranty services, and other after-sales service policies that consumers need to know for the automobiles to be sold. The competent commerce department conducts supervision and inspection over the automobile sales and related service activities in accordance with the "double random" method, and collaborates with relevant departments to establish corporate credit records.

According to the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on October 31, 1993, latest amended on October 25, 2013, and effective from March 15, 2014, business operators bear the obligation to ensure that the commodities or services they provide meet the requirements on personal and property safety. For commodities and services which may endanger personal or property safety, business operators shall provide consumers with truthful disclosure and clear warnings, as well as instructions and indications on the correct use of the commodities or services and methods to prevent the occurrence of hazards. Upon discovering any defect which may endanger personal or property safety in their provided commodities or services, business operators shall immediately report to the relevant administrative departments and inform consumers as well as take measures such as cessation of sale, issuance of warnings, recall, harmless disposal, destruction of products, and cessation of production or service. Business operators who fail to comply with consumer protection regulations shall bear civil or criminal liability in accordance with law.

REGULATIONS RELATING TO PRODUCT QUALITY AND RECALL OF DEFECTIVE AUTOMOBILE PRODUCTS

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, latest amended on December 29, 2018, and effective from the same date, production or sale of industrial products that do not meet the standards and requirements for the protection of human health and the safety of persons and property is prohibited. Producers shall be responsible for the quality of the products they produce, and the products shall not pose unreasonable danger to personal or property safety. The products shall have functional performance and the adopted product standards shall be indicated on the products or their packaging. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

According to the Administrative Provisions on the Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例》) promulgated by the State Council on October 22, 2012 and amended on March 2, 2019, manufacturers of automotive products are required to take measures to eliminate defects in the products they sell and recall all defective automotive products. The product quality supervision department of the State Council is responsible for the nationwide supervision and administration of recalls of defective automobile products, and may entrust provincial departments to undertake part of the work, relevant technical institutions to undertake specific technical work, and other relevant departments shall be responsible for relevant supervision and administration within the scope of their respective responsibilities, and establish an information sharing mechanism. Manufacturers who conceal defects or fail to recall defective automotive products in accordance with the relevant regulations will be subject to penalties, including fines. Any illegal income will be confiscated, and in severe cases, the relevant license will be revoked by the licensing authority.

According to the Implementation Rules on the Administrative Provisions on the Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例實施辦法》) promulgated on November 27, 2015 by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (which was merged with the SAMR) and amended on October 23, 2020, the SAMR shall be responsible for the supervision and administration of the recall of defective automobile products nationwide. Producers implementing recall shall formulate recall plan and file such plan with the SAMR, as well as notify the business operator in an effective manner. Producers modifying the recall plan that has already been filed shall refile with the SAMR and submit explanatory materials. Producers shall publish information on defective automobile products and relevant information on recalls through newspapers, websites, radio, television, and other means that are easily accessible to the public, and inform car owners of the defects concerning the automobile products, emergency treating measures to avoid damage, and measures adopted by the producers to eliminate defects.

According to the Notice on Further Improving the Regulation of Recall of Automobile with OTA Technology (《關於進一步加強汽車遠程升級(OTA)技術召回監管的通知》) promulgated by the SAMR on November 23, 2020 and effective from the same date, automobile producers that provide technical services through Over-The-Air, or OTA, in respect of the vehicles sold, are required to complete filing with the SAMR. In addition, producers who use OTA to eliminate defects in automobile products and implement recalls shall formulate a recall plan and file it with the Quality Development Bureau of the SAMR. If the OTA method fails to effectively eliminate defects or causes new defects, producers shall take recall measures again.

REGULATIONS RELATING TO COMPULSORY PRODUCT CERTIFICATION

According to the Administrative Regulations on Compulsory Product Certification (2022 Amendment) (《強制性產品認證管理規定(2022年修訂)》) promulgated by the SAMR on December 3, 2001, latest amended on September 29, 2022, and effective from November 1, 2022, the SAMR is in charge of the compulsory product certification nationwide. With respect to products which are subject to compulsory product certification, the uniform catalogue of products, uniform compulsory technical requirements, standards and compliance review procedures, uniform certification signs, and uniform fee-charging standards have been adopted. The motor vehicles and their safety accessories, motor vehicle tires, and safety glass in the absence of the compulsory product certificate and the mandatory certification mark of China shall not leave the factory, or be exported or put on sale.

FAVORABLE POLICIES ON AUTOMOBILES INDUSTRY IN CHINA

Government Subsidies for Automobile Purchasers

The Notice of Further Effectively Completing the Work Concerning Trade-in of Vehicles (《關於進一步做好汽車以舊換新有關工作的通知》) jointly issued by the MOFCOM and other six ministries and commissions on August 15, 2024 and effective from the same date, restates to raise the subsidy standard for automobile scrapping and replacement, increase the central financial support, optimize the review and fund allocation supervision procedures for automobile scrapping and replacement and strengthen supervision and management.

According to the Notice on Launching Pilot Reforms for Automobile Circulation and Consumption (《關於開展汽車流通消費改革試點工作的通知》) jointly issued by the MOFCOM and other seven ministries and commissions on January 20, 2025, and effective from the same date, pilot reforms for automobile circulation and consumption will be conducted during the period from 2025 to 2027. The initiative aims to stimulate vitality in the automotive consumer market and promote high-quality development of the automobile industry. The reforms primarily focus on five key areas: (i) stabilizing and expanding automobile consumption; (ii) facilitating efficient circulation of used vehicles; (iii) cultivating automotive cultural environment; (iv) enhancing the recycling system for end-of-life vehicles; (v) advancing the digitalization of automobile circulation and consumption.

Reduction and Exemption of Vehicle Purchase Tax

According to the Announcement on Continuing and Optimizing the Vehicle Purchase Tax Reduction and Exemption Policy for New Energy Vehicles (《關於延續和優化新能源汽車車輛購置稅減免政策的公告》) jointly promulgated by the Ministry of Finance (the "**MOF**"), the State Administration of Tax (the "**SAT**") and the MIIT on June 19, 2023 and came into effect from the same date, it is expressively stated that the purchase tax exemption period for purchase of new energy vehicles, or the "NEVs" was further extended to December 31, 2025, of which the tax exemption amount for each new energy passenger vehicle is not more than RMB30,000. For NEVs purchased between January 1, 2026 and December 31, 2027, the vehicle purchase tax shall be halved, of which the tax reduction amount for each new energy passenger vehicle is not more than RMB15,000.

Exemption of Vehicle and Vessel Tax

According to the Notice of Preferential Vehicle and Vessel Tax Policies for Energy-saving and New-energy Vehicles and Vessels (《關於節能、新能源車船享受車船稅優惠政策的通知》) jointly promulgated by the MOF, the Ministry of Transport, the SAT, and the MIIT on July 10, 2018 and effective from the same date, purely electric commercial vehicles, plug-in (including extended-range) hybrid vehicles, and fuel cell commercial vehicles are exempt from vehicle and vessel tax, whereas purely electric passenger vehicle and fuel cell passenger vehicles are not subject to vehicle and vessel tax. The Catalogue of NEV Models Enjoying Vehicle and Vessel Tax Reduction and Exemption (《享受車船稅減免優惠的節約能源使用新能源汽車車型目錄》) jointly promulgated by MIIT and the SAT from time to time lists the NEV models eligible for enjoying vehicle and vessel tax reduction and exemption.

REGULATIONS RELATING TO INTELLIGENT CONNECTED VEHICLES AND AUTONOMOUS DRIVING

On July 27, 2021, the MIIT, the MPS and the Ministry of Transport issued the Norms on Administration of Road Testing and Demonstration Application of Intelligent Connected Vehicles (Trial Implementation) (《智能網聯汽車道路測試與示範應用管理規範(試行)》), which came into effect on September 1, 2021, with the aim to regulate the road testing and demonstration application activities of intelligent connected vehicles. The norms stipulate that, among others, (i) the testing entity shall be an independent legal entity in China, with the capability of technology research and development, test evaluation and civil compensation, and has established protocol to test the performance of the autonomous driving system and is capable of conducting remote monitor; (ii) the demonstration application entity may be an independent legal entity or a consortium (requiring at least one member with operational capabilities), and shall execute a liability agreement; (iii) the driver must be a licensed driver for the relevant model with more than three years of 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; (iv) the tested vehicles include passenger vehicles, commercial vehicles and special function vehicles (excluding low-speed automobiles and motorcycles), which must be unregistered, pass some mandatory safety inspections, and equipped with a control system that can switch between autonomous driving mode and manual operation mode in a safe, quick, and simple manner and must ensure that the vehicle can be switched to manual operation mode in real-time under any circumstances; (v) the testing and demonstration application shall comply with the management requirements of the temporary driving vehicle license plate, operate in strict accordance with the scope of the declaration, and prohibit brake testing on public roads; and (vi) the entity shall report within 24 hours in the event of serious injury/death or vehicle damage and shall submit the accident analysis report within 5 working days after the accident determination. The policy promotes the development and application of intelligent connected vehicle technology by unifying test standards, expanding test scenarios (including highways) and strengthening safety supervision.

According to the Opinions on Strengthening the Administration of Access of Intelligent Connected Vehicle Manufacturers and Products (《關於加強智能網聯汽車生產企業及產品准入管理的意見》) promulgated by the MIIT and effective from July 30, 2021, enterprises producing automobile products with autonomous driving function shall ensure that the automobile products at least satisfy the following requirements: (i) it is capable of automatically identifying the failure of the autonomous driving system and whether the designed operating conditions are continuously met, and taking risk mitigation measures to achieve the minimum risk level; (ii) it is equipped with human-machine interaction function displaying the operating condition of the autonomous driving system; (iii) it has an event data recording system and autonomous driving data recording system to meet relevant functions, performance and safety requirements for accident reconstruction, liability determination and cause analysis, etc.; (iv) it must satisfy the safety requirements to ensure functional safety, expected functional safety, network safety and other process safety, as well as testing requirements such as simulation nature, closed area, actual road, network safety, software upgrade, and data recording to avoid foreseeable and preventable accidents under the designed operating conditions of the tested vehicles.

According to the Taxonomy of Driving Automation for Vehicles (GB/T 40429-2021) (《汽車駕駛自動化分級》) issued by the SAMR and the Standardization Administration of China on August 20, 2021 and implemented on March 1, 2022, driving automation functions of automobiles can be divided into: level 0 (emergency assistance), level 1 (partial driver assistance), level 2 (combined driver assistance), level 3 (conditionally automated driving), level 4 (highly automated driving), and level 5 (fully automated driving).

REGULATIONS RELATING TO CYBERSECURITY, INFORMATION SECURITY, PRIVACY AND DATA PROTECTION

On May 28, 2020, the NPC promulgated the Civil Code, which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public personal information of others.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which became effective on November 1, 2021. Pursuant to the PRC Personal Information Protection Law, personal information shall be processed (including the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information) following the principles of lawfulness, legitimacy, necessity and good faith, and shall not be processed through misleading, fraudulent, coercive and other means.

On November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which was amended on October 28, 2025, and became effective on January 1, 2026. The PRC Cybersecurity Law provides that network operators shall meet their cyber security obligations and shall take technical measures and other necessary measures to protect the safety and stability of their networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Network operators shall not collect personal information irrelevant to the services they provide or collect or use personal information in violation of the provisions of laws or agreements concluded with users. Network operators shall strengthen management of information published by users, and when they discover information prohibited by laws and regulations from publication or dissemination, they shall immediately stop dissemination of that information, including taking measures such as deleting the information, preventing the information from spreading, saving relevant records, and reporting to the relevant governmental agencies.

On December 28, 2021, the CAC, together with certain other PRC governmental authorities, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市).

On September 24, 2024, the State Council published the Cyber Data Security Regulations (《網絡數據安全管理條例》), which came into effect on January 1, 2025, the Cyber Data Security Regulations requires that if the network data processing activities have or may have an impact on national security, such activities should be subject to national security review in accordance with relevant laws and regulations. Any failure to comply with such requirements may subject the data processors to, among others, suspension of services, fines, revocation of relevant business permits or business licenses and penalties.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which became effective on September 1, 2021. The PRC Data Security Law provides for data security obligations on entities and individuals carrying out data activities and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. Appropriate level of protection measures is required to be taken for each respective category of data.

On August 16, 2021, the CAC, together with the Ministry of Transport, the National Development and Reform Commission (the "**NDRC**"), the MIIT, and the MPS, promulgated Several Provisions on Regulation of Automobile Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》), or the Automobile Data Security Provisions, to regulate the processing of automobile data, which became effective on October 1, 2021. Automobile data processors, which is broadly defined as organizations engaging in activities related to the processing of automotive data, including automobile manufacturers, component and software providers, dealers, maintenance providers, etc., are required to process personal information and important data in accordance with applicable laws during the design, manufacture, sales, operation, maintenance and management of automobiles. According to the Automobile Data Security Provisions, any automotive data processor that process important data is required to submit a risk assessment report to the provincial cyberspace administration and other competent authorities, and to submit annual report with regards to data security management to the provincial cyberspace administration and other competent authorities. When important data needs to be transferred out of China for business purposes, a security assessment organized by the CAC with the relevant departments of the State Council is required, and an automotive data processor shall not transfer any important data overseas to the extent that such transfer is beyond the purpose, scope and method, type and scale of the data, and any other conditions submitted to the CAC for security assessment.

On December 8, 2022, the MIIT released the Administrative Measures for Data Security in the Field of Industry and Information Technology (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), or the MIIT Data Security Measures, which came into effect on January 1, 2023. The MIIT Data Security Measures stipulate that industrial and telecoms data processors shall implement hierarchical management of industrial and telecoms data, which are classified into three levels according to the relevant regulations: general data, important data and core data. The MIIT Data Security Measures also stipulate certain obligations of industrial and telecoms data processors in relation to the data lifecycle security management covering data collection, data storage, data usage, data transmission, data provision, data disclosure, data destruction, etc., as well as data security monitoring and emergency management, data security testing, certification and assessment management, etc.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection

Pursuant to the PRC Environmental Protection Law (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989, latest amended on April 24, 2014 and came into effect on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection measures and procedures to control and properly handle waste gas, wastewater, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities. Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the environmental protection related laws and regulations. Such penalties include warnings, fines, orders to rectify within a prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make a recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises.

Pollutant Discharge Permit

According to the Catalogue of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄（2019年版）》) issued and implemented by the Ministry of Ecology and Environment on December 20, 2019, the State implements classified management over pollutant discharge entities, which are divided into key management, simplified management and registration management according to the volume of pollutants produced, the volume of emissions and the degree of environmental impact. A pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit, but only need to fill in its basic information and pollution prevention and control measures adopted on the management information platform of state pollutant discharge permits.

The State Council issued the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) on January 24, 2021 and implemented on March 1, 2021 to further strengthen the regulatory framework by requiring pollutant discharge entities to be subject to either key management or simplified management based on their emission scale and degree of environmental hazard. The regulations stipulate that the application, review and information disclosure for pollutant discharge permits shall be completed through a unified national information platform to ensure a transparent and efficient process. In addition, the pollutant discharge permit is valid for five years, and pollutant discharge entities shall submit a renewal application to the examination and approval authority 60 days before the expiration of the validity period to maintain their legal pollutant discharge qualification.

REGULATIONS RELATING TO ENERGY CONSERVATION REVIEW

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) promulgated by the SCNPC on November 1, 1997, latest amended on October 26, 2018 and came into effect on the same day, the State shall implement an energy conservation assessment and review system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the construction entity shall not commence construction; where the construction is completed, the project shall not be put into production or use.

According to the Measures for the Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects (《固定資產投資項目節能審查和碳排放評價辦法》) promulgated by the NDRC on July 17, 2025 and came into effect on September 1, 2025 and replaced the Measures for the Energy Conservation Review of Fixed Asset Investment Projects (《固定資產投資項目節能審查辦法》) promulgated by the NDRC on November 27, 2016, amended on March 28, 2023 and came into effect on June 1, 2023, for an enterprise-invested project, the construction entity shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to the commencement of construction. For a project which has not undergone the energy conservation review or fails to pass the energy conservation review in accordance with these measures, the construction entity shall not commence construction, or the project shall not be put into production or use if it is already completed.

REGULATIONS RELATING TO WORK SAFETY

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, latest amended on June 10, 2021 and effective on September 1, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide their employees with protective equipment that meets the national or industrial standards.

REGULATIONS RELATING TO FIRE SAFETY INSPECTION AND ACCEPTANCE

Pursuant to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, latest amended and effective from April 29, 2021, and the Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, latest amended on August 21, 2023 and became effective from October 30, 2023, the construction entity of a large-scale crowded venue (including a production and processing plant with a total floor area of over 2,500 square meters) and other special construction projects must apply for fire control design review with competent fire control authorities, and complete the inspection and acceptance procedures for fire control design review after the construction project is completed. The construction entity of other construction projects must complete the filing with the competent authorities responsible for the inspection and acceptance for fire control design review within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such construction project is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to orders to suspend the construction of projects, use of such projects, or operation of relevant business, and imposition of fines.

REGULATIONS RELATING TO REAL ESTATE

Self-owned Real Properties

According to the PRC Civil Code, properties referred to in this law include real property and personal property. The creation, alteration, alienation, or extinguishment of the property right of a real property shall become effective upon registration in accordance with law.

The certificate of ownership of real property shall be evidence of the right holder's entitlement in the real property. The right to use a land parcel for construction purposes may be created by way of grant, allocation or by other means. A person who has the right to use a land parcel for construction purposes shall make reasonable use of the land parcel and may not change its planned purpose of use.

According to the PRC Land Administration Law (《中華人民共和國土地管理法》), adopted by the SCNPC on June 25, 1986, and latest amended on August 26, 2019, the State formulates an overall land utilization plan to stipulate land use, classifying land into agricultural land, construction land, or unused land. Entities or individuals must use the land strictly in accordance with the purposes of land use determined in the overall land utilization plan.

Leasing

According to the Administrative Measures for Commercial Housing Leases (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective from February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with local property administration authority. Failure to complete the relevant lease registration may subject the parties to the lease agreement a fine between RMB1,000 to RMB10,000. However, according to the PRC Civil Code, failure to register and file with the authority in accordance with the provisions of laws, administrative rules and regulations would not prejudice the validity of the lease agreement.

Transfer of Real Properties

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), which was promulgated by the State Council on May 19, 1990 and latest amended and came into effect on November 29, 2020, China adopts a system of assignment and transfer of the right to use state-owned land. A land user must pay land premiums to the State as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage, or otherwise commercially exploit the land within the term of use. Under the regulations and the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate that evidences the acquisition of land use rights.

REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL

The principal regulations governing foreign currency exchange in the PRC are the Administrative Regulations on Foreign Exchange of the People's Republic of China (《中華人民共和國外匯管理條例》), or the Foreign Exchange Administrative Regulation, which were promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was subsequently amended on January 14, 1997 and August 5, 2008 (which became effective on August 5, 2008), respectively, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC, on June 20, 1996 and became effective on July 1, 1996. Under these regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate governmental authorities or the designated banks is required where RMB is to be converted into foreign currency and remitted outside of Chinese Mainland to pay capital account items such as the repayment of foreign currency-denominated loans, direct investment overseas and investments in securities or derivative products outside of Chinese Mainland. FIEs are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in Chinese Mainland.

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or SAFE Circular 59, which was promulgated by SAFE on November 19, 2012 and amended on May 4, 2015, substantially amends and simplifies the current foreign exchange procedure. Pursuant to SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In 2013, SAFE specified that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration, and that banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. On February 13, 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Circular 13. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

On March 30, 2015, SAFE promulgated the Notice 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》), or the SAFE Circular 19, which took effect on June 1, 2015 and was further revised in 2019 and on March 23, 2023. SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. SAFE Circular 19 replaced both the Circular of the SAFE on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises (《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》), or SAFE Circular 142, and the Circular of the SAFE on Issues concerning the Pilot Reform of the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises in Certain Areas (《關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》), or SAFE Circular 36. SAFE Circular 19 allows all foreign invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use RMB converted from foreign currency denominated capital for equity investments, and removes certain other restrictions that had been provided in SAFE Circular 142. However, SAFE Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises.

On June 9, 2016, SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《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》), or the SAFE Circular 16, which was recently amended on December 4, 2023. The SAFE Circular 16 unifies the discretional foreign exchange settlement for all the domestic institutions. The Discretional Foreign Exchange Settlement refers to the foreign exchange earnings on capital account (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) which have been confirmed by the relevant policies to implement discretional foreign exchange settlement can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties in accordance with the Foreign Exchange Administrative Regulation and relevant provisions.

Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by FIEs shall follow the principles of authenticity and self-use within the business scope of the enterprises. The foreign exchange incomes of capital accounts and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise provided by relevant laws and regulations; (iii) used for granting loans to non-affiliated enterprises, unless otherwise permitted by its business scope; and (iv) used for the construction or purchase of real estate that is not for self-use (except for real estate enterprises).

On October 23, 2019, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Convenience of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which was recently amended on December 4, 2023. The SAFE Circular 28 stipulates that non-investment FIEs may use capital to carry out domestic equity investment in accordance with the law under the premise of not violating the negative list and the projects invested are true and in compliance with laws and regulations. In addition, SAFE Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments, without providing authenticity certifications to the relevant banks in advance for those domestic payments.

On April 10, 2020, SAFE issued the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), or the SAFE Circular 8. The SAFE Circular 8 provides that under the condition that the use of funds is genuine and compliant with current administrative provisions on use of income relating to capital account, enterprises are allowed to use income under capital account such as capital funds, foreign debts and overseas listings for domestic payment, without submission to the bank prior to each transaction of materials evidencing the veracity of such payment.

REGULATIONS RELATING TO OVERSEAS DIRECT INVESTMENT

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the SAFE on July 13, 2009 and came into effect on August 1, 2009, upon obtaining approval for overseas investment, an enterprise in Chinese Mainland shall apply for foreign exchange registration for its overseas direct investments. According to SAFE Circular 13, the administrative approval for foreign exchange registration approval under overseas direct investment has been canceled, and the banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in Chinese Mainland such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US$300 million or above invested by local enterprise in Chinese Mainland or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in Chinese Mainland is less than US$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

REGULATIONS RELATING TO IMPORTS AND EXPORTS

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002, and was recently amended on March 10, 2024 with effect on May 1, 2024, the import and export of goods are generally allowed by the Chinese Mainland government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law (《中華人民共和國對外貿易法》) of the PRC promulgated by the SCNPC, on May 12, 1994 which came into effect on July 1, 1994, amended with immediate effect on December 30, 2022 and most recently amended on December 27, 2025 and became effective on March 1, 2026, unless otherwise provided by laws and regulations, the Chinese Mainland government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

Pursuant to the Customs Law (《中華人民共和國海關法》) of the PRC promulgated by the SCNPC, on January 22, 1987 which came into effect on July 1, 1987 and last amended on April 29, 2021, and the Administrative Provisions of the Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC (中華人民共和國海關總署) on November 19, 2021 which came into effect on January 1, 2022, unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers that have been registered with the customs and such declaration shall be made by filing with the customs.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax (EIT)

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) amended by the SCNPC and came into effect on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) amended by the State Council and came into effect on January 20, 2025, an enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. Preferential enterprise income tax is granted to industries and projects that are supported and encouraged by the country. For high and new technology enterprises that need key support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

Value-added Tax (VAT)

On December 25, 2024, the SCNPC issued the Value-added Tax Law of the People's Republic of China, or the VAT Law, and became effective on January 1, 2026. According to the VAT Law, any entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are value-added tax payers and shall pay value-added tax in accordance with the VAT Law. The value-added tax rate for general taxpayers engaging in sale of goods, services, lease of tangible and movable goods or importation of goods was adjusted to 13%, the value-added tax rate for general taxpayers engaging in, among others, the sale of transportation services, postal services, basic telecommunications services, construction services, the lease and sale of real properties, and the transfer of land use rights was adjusted to 9%.

REGULATIONS RELATING TO LABOR AND EMPLOYMENT

According to the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), or the Labor Contract Law, promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), or the Implementation Rules of the Labor Contract Law, promulgated by the State Council on September 18, 2008, a written employment contract shall be concluded in the establishment of an employment relationship. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or expiry of the labor contract. Employers in most cases are also required to provide severance payment to their employees after their employment relationships are terminated.

Employers in the PRC are required to contribute, for and on behalf of their employees, to a series of social insurance funds, including funds for pension, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, and housing fund. These payments are made to local administrative authorities and employers who fail to contribute may be fined and be ordered to make up for the outstanding contributions. The various laws and regulations that govern the employers' obligations to contribute to the social insurance funds include: 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 amended with immediate effect 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》), which was promulgated by the State Council on January 22, 1999, and amended with immediate effect on March 24, 2019, the Regulations on Work-related Injury Insurance (《工傷保險條例》), which was promulgated by the State Council on April 27, 2003 and amended on December 20, 2010, and the Regulations on Management of the Housing Fund (《住房公積金管理條例》), which was promulgated on April 3, 1999, and was most recently amended with immediate effect on March 24, 2019.

According to the Notice Concerning the Safe and Orderly Collection and Administration of Social Insurance Premiums (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the State Administration of Taxation (國家稅務總局辦公廳) on September 13, 2018, the tax authorities will collect all social insurance premiums uniformly from January 1, 2019. Before the completion of the reform of the social insurance collection agency, the relevant local authorities shall continuously optimize the payment service and ensure the continuous improvement of the business environment, and shall not organize and carry out the previous year's arrears check without permission.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The Company Law of the PRC and the Foreign Investment Law are the main laws and regulations regulating the dividend distribution of foreign-invested enterprises in the PRC. According to the regulatory mechanism provided by the abovementioned laws, a foreign-invested enterprise in the PRC may only pay dividends out of accumulated profits (if any) determined in accordance with the PRC accounting standards and regulations. The PRC companies (including foreign-invested enterprises) are required to draw at least 10% of their after-tax profits into the statutory reserve fund until the relevant reserve fund reaches 50% of their registered capital, except as otherwise provided by the laws on foreign investment; and no profit shall be distributed before making up any loss in the previous fiscal years. Retained profits for previous fiscal years may be distributed together with distributable profits for the current fiscal year.

REGULATIONS RELATING TO FILING OF OVERSEAS LISTING BY DOMESTIC ENTERPRISES

The Trial Measures for the Administration of Overseas Securities Offering and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the "**Trial Measures for the Administration of Overseas Listing**") and its relevant supporting implementation rules, issued by the CSRC on February 17, 2023, and implemented on March 31, 2023, implements unified filing management for direct and indirect overseas issuance and listing of securities by domestic enterprises, and the issuer shall perform filing procedures and report relevant information to the securities regulatory authorities under the State Council. Issuers directly listed overseas shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. It is also stipulated that in the following circumstances, domestic enterprises shall not issue securities and be listed overseas: (1) it is clearly prohibited from listing for financing by laws, administrative regulations, or relevant provisions of the PRC; (2) overseas issuance or listing of securities may jeopardize national security as reviewed and determined by the relevant competent authorities of the State Council in accordance with the law; (3) the domestic enterprises or their controlling shareholders, de facto controllers have committed corruption, bribery, embezzlement of property, misappropriation of property, or criminal offences that disrupted the socialist market economic order within the last three years; (4) domestic enterprises are being investigated in accordance with the law due to suspected criminal or major illegal activities, and there is no clear conclusion or opinion yet; (5) there is a significant ownership dispute over the equity held by the controlling shareholders or shareholders controlled by the controlling shareholders or de facto controllers.

The Provisions on Strengthening the Confidentiality and File Management Work Related to the Overseas Issuance and Listing of Securities by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) issued by the CSRC, the MOF, the State Secrecy Bureau and the State Archives Administration on February 24, 2023, and implemented on March 31, 2023, specifies that domestic enterprises and securities companies and securities service institutions that provide corresponding services shall, by strictly abiding by the relevant laws and regulations of the PRC and the requirements therein, strengthen the legal awareness of guarding state secrets and strengthening file management, establish sound confidentiality and file work systems, take necessary measures to implement confidentiality and file management responsibilities, and shall not leak national secrets and work secrets of state organizations and undermine national and public interests. Domestic enterprises that provide accounting files or copies of accounting files to relevant securities companies, securities service institutions, overseas regulatory institutions, and other units and individuals shall comply with the corresponding procedures in accordance with relevant regulations of the PRC. Work manuscripts generated in the PRC by securities companies and securities service institutions that provide corresponding services for overseas issuance and listing of securities by domestic enterprises shall be kept in the PRC. Where files need to be transferred outside of the PRC, it shall be subject to the approval procedures in accordance with relevant regulations of the PRC.

Regulations Relating to Generative Artificial Intelligence Services

On July 10, 2023, the CAC, along with several other departments, issued the Interim Measures for the Management of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》, the "**Generative AI Measures**"), which became effective on August 15, 2023. The Generative AI Measures impose compliance requirements for providers of generative artificial intelligence services to the general public within the territory of PRC, including without limitation, (i) carry out pre-training, optimization training, and other training data processing activities in accordance with the law and provisions, (ii) assume responsibility as a producer of online information content in accordance with the law and fulfill online information security obligations; and (iii) any service providers with attribute of public opinions or capable of social mobilization shall conduct security assessment, and complete the formalities for algorithm filing, change or deregistration in accordance with the relevant regulations.

On March 7, 2025, the CAC, the MIIT, the Ministry of Public Security and the National Radio and Television Administration jointly promulgated the Measures for the Labeling of AI-Generated Synthetic Content (《人工智能生成合成內容標識辦法》, the "**AIGC Labeling Measures**"), which became effective on September 1, 2025. The AIGC Labeling Measures target Internet information service providers that utilize generative AI technologies to provide services or produce information for public dissemination, and require that all AIgenerated text, images, audio, video and virtual scenes and other information be clearly identified with both explicit and implicit markings.

Up to the Latest Practicable Date, the Company neither provides Internet information services nor utilizes generative AI technologies to offer generative AI services to the public. Consequently, neither the Generative AI Measures nor AIGC Labeling Measures apply to the Company's operations or products. Should the Company offer generative AI services to the public during the course of its business operation in the future, it will comply with the relevant laws and regulations and fulfil obligations such as completing the formalities for algorithm filing under the Generative AI Measures.

REGULATIONS RELATED TO INTERNATIONAL TRADE RESTRICTIONS

The following is a summary of the sanctions regimes imposed by the jurisdictions below. This summary does not intend to set out the laws and regulations relating to the U.S., the EU, the UK, the UN, Australian and Canadian sanctions in their entirety.

United States

The United States deploys a wide range of restrictive measures including sanctions and export controls against various targeted countries, groups and individuals. U.S. sanctions include both "primary" and "secondary" sanctions, as well as non-blocking "list-based" sanctions. OFAC administers and enforces the majority of U.S. sanctions programs.

U.S. primary sanctions generally apply to U.S. persons, including any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States. The U.S. has also enacted secondary sanctions targeting non-U.S. persons engaged in prohibited transactions (e.g., significant transactions with parties blocked under U.S. sanctions). The detailed rules of such secondary sanctions differ by sanctions programs. Non-U.S. persons found to be engaging in the prohibited transactions may be denied access to the U.S. economic system, including being designated as SDNs themselves.

On the other hand, the U.S. have also implemented stringent export control regulations, which are primarily administered by BIS. The EAR applies to exports of commodities, software and technical data from the U.S. to foreign countries, and to re-exports from one foreign country to another. In addition, the EAR applies to shipments from one foreign country to another of foreign-made products that incorporate more than a de minimis amount of U.S.-controlled parts, components, or materials, as well as foreign-made products that are direct products of certain controlled U.S. software or technology.

United Nations

The UN can take action to maintain or restore international peace and security under Chapter VII of the UN Charter. It does this by way of resolutions passed by the UN Security Council. UN Security Council sanctions have taken a number of different forms and have measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions.

European Union

The EU has over 40 different sanctions regimes in place. EU sanctions apply to individuals and entities nationalized or incorporated within the EU; located on board an aircraft or vessel subject to EU jurisdiction; while in the territory or airspace of the EU, and with respect to business done in the EU. Regulation (EU) No 2021/821 controls the export of EU dual-use goods. In particular, Regulation 2021/821 controls the export of controlled dual-use products and technology from the EU to a non-EU country; the provision of technical assistance relating to controlled items; and the brokering of transactions involving the transfer of controlled goods, restricted products and certain non-controlled products.

United Kingdom

UK sanctions apply: (a) within the territory and territorial waters of the UK and to all UK Persons, wherever they are in the world; (b) to all individuals and legal entities who are within or undertake activities within the UK's territory; and/or (c) to all UK nationals and UK legal entities established under UK law, including their non-UK branches (but not separately incorporated non-UK subsidiaries), irrespective of where their activities take place.

OFSI, which is part of HM Treasury, maintains two lists of those subject to financial sanctions: (a) the "consolidated list" includes all designated persons subject to financial sanctions under EU and UK legislation, as well as those subject to UN sanctions which are implemented through EU regulations; and (b) a separate list of entities subject to specific capital market restrictions. OFSI also has the power to impose financial penalties on a party which breaches financial sanctions.

Australia

Australia has a dual sanctions regime consisting of sanctions measures imposed by the UN, together with Australian autonomous sanctions imposed by the Australian Government as a matter of its foreign policy. The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to: (i) any person in Australia; (ii) any Australian anywhere in the world; (iii) activities in Australia; (iv) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or (v) any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.

Canada

Canada maintains a dual sanctions regime consisting of UN sanctions which are enacted into domestic regulations via Canada's United Nations Act, and autonomous sanctions. Canadian autonomous sanctions prohibit persons located in Canada and Canadians outside of the country from various activities involving a designated foreign state, including the acquisition of goods from the designated foreign state; the provision of data to the foreign state; and the exportation, sale, supply or shipment of goods to the foreign state. Other Canadian autonomous sanctions target persons who may have been involved in a particular event or circumstance related to human rights abuses and corruption. Persons in Canada and Canadians outside of Canada are prohibited from dealing in the property of the entities and individuals designated under Canadian autonomous sanctions.

U.S. Outbound Investment Rule

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") released a final rule (the "**Outbound Investment Rule**"), implementing Executive Order 14105, prohibiting or requiring the notification of certain outbound foreign investments by U.S. persons into certain "countries of concern," currently defined to include only China (including Hong Kong and Macao). Effective January 2, 2025 and subject to certain exceptions, the Outbound Investment Rule prohibits U.S. persons from, or requires notification to the U.S. government of, any (i) "covered transaction" involving (ii) a Covered Foreign Person (iii) who is engaged in any "covered activity" involving the semiconductors and microelectronics, quantum information technologies and artificial intelligence sectors. A "covered transaction" includes equity investment and a "covered foreign person" is defined as any entity with meaningful ties to China that engages in "covered activities."

On December 18, 2025, the U.S. Congress enacted the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"), which codifies and expands the Outbound Investment Rule and provides independent statutory authority for the program for at least seven years. Treasury was given 450 days to amend the Outbound Investment Rule to conform with the provisions set forth therein, and the existing Outbound Investment Rule remains in effect until then.