OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

Regulations on company establishment and foreign investment

Company establishment: Pursuant to the PRC Company Law promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on December 29, 1993, which was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023 respectively and became effective on July 1, 2024, the Company Law shall apply to all companies established in the PRC. The Company Law, which regulates the establishment, corporate structure and management of companies, also applies to foreign-invested companies. Where laws on foreign investment provide otherwise, such provisions shall prevail.

Foreign investment: Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the NPCSC on March 15, 2019 and effective on January 1, 2020, and the Regulations for the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and effective January 1, 2020, China will further expand its opening to the outside world, actively promote foreign investment, protect the legitimate rights and interests of foreign investment and regulate the management of foreign investment. Foreign-invested enterprises shall equally apply the state policies on supporting the development of enterprises in accordance with the law. The capital contributions, profits, capital gains, proceeds from the disposal of assets, royalties from the licensing of intellectual property, compensation or indemnification obtained in accordance with the law, and proceeds from liquidation of a foreign investor within the territory of China may be freely remitted into and out of the territory of China in Chinese Yuan ("**CNY**") or foreign exchange in accordance with the law. The State adopts the management system of pre-establishment national treatment and Negative List for foreign investment. The State will give national treatment to foreign investments beyond the Negative List. No foreign investors shall be allowed to invest in the industries where foreign investment is prohibited by the Negative List; while for the industries restricted by the Negative List, restrictive access special management measures such as equity requirements and senior management requirements as stipulated in the Negative List shall be met before the foreign investment can be made. As for industries not included in the Negative List, the foreign and domestic investments shall be treated as the same in terms of administration.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the National Development and Reform Commission ("**NDRC**") and the Ministry of Commerce of the People's Republic of China ("**MOFCOM**") on September 6, 2024 and effective on November 1, 2024, our business does not fall under such categories where foreign investment is restricted or prohibited.

Laws and regulations on production safety and environmental protection

Production safety: According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》, the "Production Safety Law"), which was last amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. The production, business operation, transportation, storage, and use of any hazardous substances, or the disposal of or abandonment of hazardous substances, shall be subject to approval as well as supervision and administration by the relevant administrative departments in accordance with the relevant laws and regulations, national standards, or industrial standards. Violation of the Production Safety Law may result in imposition of fines and penalties, corrections within a specified time limit, suspension of operation, an order to cease operation, depending on the circumstances of the violation, and criminal liability will be pursued if the violation constitutes a crime.

In addition to the general requirements for production safety, for newly built, reconstructed or expanded construction projects, according to the Measures for the Supervision and Administration of "Three Simultaneities" for the Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》, the "Construction Projects Safety Facilities Measures"), promulgated by the Former State Administration of Work Safety (the Former "SAWS") on December 14, 2010 and amended on April 2, 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed and put into use simultaneously with the main body of the project. For the construction projects, specially set forth in the Construction Projects Safety Facilities Measures, comprehensive research and pre-assessment on the safety conditions of the construction projects shall be conducted by qualified safety assessment body. If an enterprise violates the relevant requirements, it may be ordered to make corrections within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and imposed a fine.

Environmental protection: According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was last amended by the SCNPC on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, medical waste, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the law.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC and came into effect on December 29, 2018, the Regulation on the Administration of Environmental Protection of Construction

Projects (《建設項目環境保護管理條例》), which was amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection and came into effect on November 20, 2017, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection.

Pursuant to the provisions of the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated on January 24 2021, and the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated on April 1 2024, the State implements the classified pollutant discharge permit management (i.e., key management and simplified management) on pollutant discharges of enterprises based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Enterprises, institutions and other production and operation units that are included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

Laws and regulations relating to hazardous chemicals and precursor chemicals

Storage: Pursuant to the provisions of the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》) promulgated by the State Council on January 26, 2002 and amended on March 2, 2011 and December 7, 2013, no entity or individual may engage in the production, storage, use, operation, transportation and other business activities of hazardous chemicals without approval. An entity that stores highly toxic chemicals or hazardous chemicals constituting a serious hazard source in quantity shall report the storage quantity, location and management personnel to the work safety supervision and administration department and the public security department of the county-level local people's government.

Operation: Pursuant to the Administrative Measures for the Licensing of Hazardous Chemicals Operations (《危險化學品經營許可證管理辦法》) issued by the State Administration of Work Safety on July 17, 2012 and last amended on May 27, 2015, the State has established a licensing system for the operation, including sale and storage, of hazardous chemicals listed in the catalog of Hazardous Chemicals within the territory of the PRC. Enterprises engaged in the operation of these hazardous chemicals are required to obtain a hazardous chemical operation license in accordance with the Measures.

Pursuant to the Regulation on the Administration of Precursor Chemicals (《易製毒化學品管理條例》) promulgated by the State Council on August 26, 2005, amended and became effective on July 29, 2014, February 6, 2016 and September 18, 2018, the Measures for the Licensing for Production and Operation of Non-pharmaceutical Precursor Chemicals (《非藥品類易製毒化學品生產、經營許可辦法》) promulgated by the Former SAWS on April 5, 2006 and became effective on April 15, 2006, the precursor chemicals are classified into three categories. Category I refers to the major materials that may be used to produce drugs. Categories II and III refer to the chemical auxiliary substances that may be used to produce drugs. The State applies a licensing system to the production and operation of non-pharmaceutical precursor chemicals. The production and operation of non-pharmaceutical precursor chemicals of Category I shall be subject to license-based administration, while the production and operation of precursor chemicals of Category II and Category III shall be subject to record certificate-based administration.

Laws and regulations on product quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was last amended by the SCNPC and came into effect on December 29, 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may claim damages against the manufacturer producer or the seller of the product. Manufacturers and sellers of non-conforming products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines; earnings from sales in contravention of such standards or requirements, if any, may also be confiscated, and in severe cases, an offender's business license may be revoked.

Laws and regulations on foreign exchange

On December 26, 2014, the SAFE issued the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), pursuant to which a domestic company shall, within 15 business days from the closing date of its overseas issuance and listing, register the overseas listing with the SAFE's local branch at the place of its incorporation; and the proceeds from an overseas listing of a domestic company may be remitted to a designated domestic account or deposited in a designated overseas account, but the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. The tentative percentage of discretionary settlement of foreign exchange receipts under the capital account of domestic institutions is 100%, subject to the adjustment of the SAFE in due time based on international revenue and expenditure situations.

Laws and regulations relating to intellectual property rights

Patent: According to the Patent Law of the PRC (《中華人民共和國專利法》) last amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) last amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority which shall grant registration certificates to the computer software copyrights applicants according to the rules above.

Trademark: According to the Trademark Law of the PRC (《中華人民共和國商標法》) last amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) last amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. The registration of a trademark shall be valid for ten years from the date of approval.

Regulations on taxation

Enterprise income tax: According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the Regulations on the Implementation 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》), which was promulgated by the State Council and was latest amended in December 6, 2024, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualified small low-profit enterprises. The high-tech enterprises in certain industries that meet the criteria promulgated by the relevant state authorities enjoy a reduced tax rate of 15% for enterprise income tax.

Value-added tax: Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales and imported goods shall be adjusted to 13% and 9%, respectively.

According to the Announcement on the Weighted Value-added Tax Deduction Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43 of the Ministry of Finance and the State Taxation Administration) (《關於先進製造業企業增值稅加計抵減政策的公告》) promulgated on September 3, 2023 and effective from January 1, 2023, with effect from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct weighted 5% of the current deductible input tax amount from the Value-added Tax payable.

Laws and regulations on employment and social welfare

Employment: The Labor Law of the People's Republic of China (中華人民共和國勞動法) was promulgated by the SCNPC on July 5, 1994 and was latest revised on December 29, 2018. An employer shall establish a sound system of employment rules so as to ensure that its workers enjoy the labor rights and perform the employment obligations. Employers must establish comprehensive labor safety and health policies. They must strictly implement national labor safety and health regulations and standards, provide labor safety and health education to workers, prevent accidents at work, and reduce occupational hazards.

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) (promulgated by the SCNPC on June 29, 2007 and latest revised on July 1, 2013) and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of

China (中華人民共和國勞動合同法實施條例) (promulgated by the State Council and came into effect on September 18, 2008) stipulate the rights and obligations of the parties to the labor contract, including the conclusion, performance, modification, rescission and termination of the labor contract, etc. Employers must enter into written labor contracts with workers and pay labor remuneration to workers timely and in full amount in accordance with the provisions of the labor contract and national regulations. Employers may terminate labor contracts with workers under certain circumstances and shall, where applicable, pay economic compensation to workers according to law.

Social insurance: The PRC Social Insurance Law (《中華人民共和國社會保險法》), or the Social Insurance Law, issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. According to the Social Insurance Law and the Provisional Regulations on 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 most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance account with local social insurance authorities and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing provident: In accordance with the Regulations on the 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, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, the housing fund management center may apply for enforcement by the people's court of such overdue payment.