OVERVIEW

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets out a summary of relevant laws and regulations that may have material impact on our business activities.

REGULATIONS ON FOREIGN INVESTMENT

The Company Law of the PRC (中華人民共和國公司法), promulgated by the Standing Committee of the National People's Congress of the PRC (the "SCNPC") on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign invested companies shall abide by the Company Law of the PRC.

Pursuant to the Foreign Investment Law of the PRC (中華人民共和國外商投資法), the Regulation for Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) and Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法), which became effective on January 1, 2020, and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), the State Council establishes a foreign investment information report system. Foreign investors or foreign–funded enterprises shall submit investment information to the competent department for commerce concerned through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information report shall be determined under the principle of necessity; it is not allowed to require the submission again of any investment information that can be obtained by interdepartmental information sharing. For foreign investment enterprises investing in China and establishing an enterprise (including multi–level investment), upon completion of registration filing and submission of annual report information to the market regulatory authorities, the relevant information shall be forwarded by the market regulatory authorities to the commerce administrative authorities, and these enterprises are not required to submit separately.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 edition) (鼓勵外商投資產業目錄(2022年版)) (the "Catalogue")), amended on October 26, 2022 and effective since January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 edition) (外商投資准入特別管理措施(負面清單)(2024年版)), amended on September 6, 2024 and effective since November 1, 2024, both of which issued by the National Development and Reform Commission (the "NDRC") and the Ministry of Commerce of the PRC (the "MOFCOM"). According to the Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments.

According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

REGULATIONS ON PRODUCT QUALITY

In accordance with the Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated by SCNPC on February 22, 1993, and most recently amended on December 29, 2018, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code of the PRC (中華人民共和國民法典) (the "Civil Code"), promulgated by the National People's Congress of the PRC on May 28, 2020, and became effective on January 1, 2021, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller.

According to the Administrative Regulations for Compulsory Product Certification (強制性產品認證管理規定), which was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (the "GAQSIQ") (which merged into the State Administration for Market Regulation) on July 3, 2009 and amended on September 29, 2022, products specified by the state shall not be delivered, sold, imported or used in other business activities until they have been certified (the "Compulsory Product Certification") and labeled with China Compulsory Certification (中國強制認證) mark. For products that are subject to Compulsory Product Certification, the state implements unified product catalogs (the "3C Catalog"), unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards.

REGULATIONS ON CYBERSECURITY, DATA SECURITY AND PRIVACY PROTECTION

Regulations relating to Cybersecurity

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (中華人民共和國國家安全法), which came into effect on the same day, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (中華人民共和國網絡安全法) (the "Cybersecurity Law") and become effective as of June 1, 2017, and was subsequently amended on October 28, 2025, with the amended version taking effect on January 1, 2026. The Cybersecurity Law applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On December 28, 2021, the Cyberspace Administration of the PRC (中華人民共和國國家互聯網信息辦公室) (the "CAC") and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (網絡安全審查辦法) (the "Cybersecurity Review Measures") which became effective on February 15, 2022. The Cybersecurity Review Measures provides that,

among others, (i) critical information infrastructure operators that the purchase of cyber products and services that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC has promulgated the Measures for the Security Assessment of Cross-border Data Transfer (數據出境安全評估辦法), which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or providing personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall apply for cross-border data transfer security assessment.

Regulations relating to Data Security

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (中華人民共和國數據安全法) (the "Data Security Law") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On September 24, 2024, the State Council announced the Regulations on the Administration of Cyber Data Security (網絡數據安全管理條例) (the "Cyber Data Security Regulations"), which became effective on January 1, 2025. It regulates that Cyber data processors who carry out Cyber data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the data processing activities conducted by Cyber data processors in the view of personal data protection, important data safety, data cross-broader safety management and obligations of network platform service providers.

Regulations relating to Privacy Protection

Pursuant to the Civil Code, 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 safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others.

Further, the Ninth Amendment to the Criminal Law of the PRC (中華人民共和國刑法修正案(九)), which issued by the SCNPC on August 29, 2015, and became effective on November 1, 2015, stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of PRC (中華人民共和國個人信息保護法) (the "Personal Information Protection Law") and became effective on November 1, 2021. Pursuant to the Personal Information Protection Law and the Cyber Data Security Regulations, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals in a conspicuous manner and in clear and easy-to-understand language. Personal information processors should also take measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorized access and personal information leakage, tampering, and loss.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfill the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than RMB50 million or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business license; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

REGULATIONS RELATING TO ARTIFICIAL INTELLIGENCE SERVICES

On July 10, 2023, the CAC together with other relevant authorities, released the Provisional Administrative Measures for Generative Artificial Intelligence Services (生成式人工智能服務管理暫行辦法) ("Generative AI Services Measures"), which came into effect on August 15, 2023 and mainly impose compliance requirements on providers of generative AI services. According to the Generative AI Services Measures, individuals or organizations that provide generative AI services of text, image, audios, videos and other content shall be responsible as the producers of such network information content and as the personal information processors to protect any personal information involved. Providers of generative AI services shall enter into service agreements with users registering for their generative AI services and shall adopt effective measures to prevent minor users from over-relying or addicting to generative AI services. In the event where illegal content or users engaging in illegal activities using generative AI services are discovered, the generative AI services providers are required to take appropriate measures, including stopping the generation of such illegal content and suspending or terminating the provision of services, undergo rectifications, keep relevant records and report to the competent authority. Any provider of generative AI services with public sentiment attributes or social mobilizing capability shall conduct security assessment and complete certain filings in accordance with relevant regulations. Providers of generative AI services may be subject to penalties for non-compliance, including warning, public denouncement, rectification orders and suspension of the provision of relevant services.

On March 7, 2025, the CAC together with other relevant authorities, promulgated the Measures for the Labeling of Artificial Intelligence Generated and Synthesized Content (人工智能生成合成內容標識辦法), which will take effect on September 1, 2025. These measures apply to service providers that

generate or distribute synthetic content using artificial intelligence technologies, including but not limited to text, images, audio, video, and virtual scenes. The measures require such providers to label AI-generated content with both visible and embedded identifiers to ensure the traceability of synthetic content, enhance public awareness, and prevent the dissemination of false or harmful information.

On September 7, 2023, Ministry of Science and Technology of the PRC ("MST") together with other relevant departments, jointly promulgated the Measures for Ethical Review of Science and Technology (for Trial Implementation) (科技倫理審查辦法(試行)) (the "Ethical Review Measures"), which came into effect on December 1, 2023, according to which, any universities, scientific research institutions, medical and health institutions, and enterprises engaged in "ethically sensitive" science and technology activities in certain areas, including AI, must establish a science and technology ethical review committee. In addition, the obligor is required to complete certain registration requirements, such as to register (i) its ethical review committee within 30 days after establishment; and (ii) its science and technology activities that require additional expert review within 30 days after clearance of ethical review, in each case on the National Science and Technology Ethics Management Information Registration Platform established by MST. The registration should be updated in time when the relevant contents change.

On November 25, 2022, the CAC, MIIT and the Ministry of Public Security promulgated the Administrative Provisions on Deep Synthesis of Internet Information Service (互聯網信息服務深度合成管理規定), which took effect on January 10, 2023. The "deep synthesis technology" provided in such provisions refers to the technology to generate text, graphics, radio, video, virtual scenes, among others, with the use of deep learning and virtual reality. The measures emphasize that the deep synthesis services shall not be utilized for illegal activities prohibited by laws and regulations, and specifically, the related providers of such deep synthesis services shall (i) establish and improve control systems in regard to user registration, algorithm review, technological ethic review, information public review, data security, personal information protection, anti-telecom and online fraud, emergency disposal, etc. and hold safe and controlled technical protection measures; (ii) formulate and publicize related management rules and platform pacts, improve service agreements, perform management responsibilities in accordance with laws and agreements, and inform with explicit methods the technical supporters and users of the deep synthesis of their respective information safety obligations.

REGULATIONS RELATING TO RADIO AND TELECOMMUNICATIONS EQUIPMENT

According to the Radio Regulation of the People's Republic of China (中華人民共和國無線電管理條例) jointly promulgated by the State Council and the Central Military Commission of the People's Republic of China on September 11, 1993 and amended on November 11, 2016, the State Radio Regulatory Commission is responsible for administration of non-military radio systems in China. Radio transmission equipment manufactured by enterprises must comply with the State Council's regulations on radio administration and must be registered with the national radio authority or local radio regulatory authorities.

In addition, the MIIT promulgated the Administrative Measures for the Network Access of Telecommunications Equipment (電信設備進網管理辦法) on May 10, 2001, which was most recently amended by the MIIT on January 18, 2024, stipulating that the State shall implement a network access permit system for telecommunications terminal equipment, radio communications equipment, and equipment relating to network interconnections that are connected to public telecommunications networks. The telecommunications equipment subject to the network access permit system shall obtain the Telecommunications Equipment Network Access Permit (the "Network Access Permit") issued by the MIIT. Without the Network Access Permit, no telecommunications equipment is allowed to be connected to the public telecommunications network for use or sold on the domestic market. To apply for a Network Access Permit, manufacturers must submit a test report or a certificate of compulsory product certification issued by a telecommunications equipment testing institute. In the event of an application for the Network Access Permit for radio transmission equipment, a Certificate of Approval of Radio Transmission Equipment Model issued by the MIIT shall also be submitted.

REGULATIONS ON GOVERNMENT PROCUREMENT

The Government Procurement Law of the PRC (中華人民共和國政府採購法) (the "Government Procurement Law"), which was last amended on August 31, 2014, provides that public invitation for bids shall be taken as the main method of government procurement. Government procurement refers to the procurement of goods, projects and services within the centralized procurement catalog formulated in accordance with the law by state organs at all levels, public institutions and social organizations with fiscal funds or above the prescribed procurement threshold. The method of bidding, which is employed in government procurements, shall be subject to the bidding law. Furthermore, the parties involved in government procurement shall not collude with each other to damage the interests of the State or the public. Pursuant to the Bidding Law of the PRC (2017Amendment) (中華人民共和國招標投標法(2017修正)) (the "Bidding Law"), which was promulgated on December 27, 2017 and effective on December 28, 2017, bidding shall be carried out for the following construction projects, including the survey, design, construction, supervision of the project, and the procurement of the important equipment, materials relevant to the construction of the project: (1) large projects of infrastructure facility or public utility that have a bearing on the social public interest and the safety of the general public; (2) projects entirely or partially using state-owned funds or loans by the state; (3) projects using loans of international organizations and foreign governments and aid funds. For a project concerned with national security, state secrets, emergency handling, disaster relief, or belonging to special occasions such as the use of poverty alleviation funds or the use of the labor of farmers and is not suitable for bidding, the method of bidding shall not be applied. As pertains to projects legally requiring bidding, no entity or individual evade bidding by any means including the dismembering of projects.

REGULATIONS ON LEASING

According to the PRC Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (商品房屋租賃管理辦法), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020) (最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the leasee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), or the Environmental Protection Law, was promulgated and effective on December 26, 1989, and most recently revised on April 24, 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to an environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies.

Consequences of violations of the Environmental Protection Law include warnings, fines, rectification within a time limit, forced shutdown, or criminal punishment on Environment Impact Assessment.

REGULATIONS ON WORK SAFETY

According to the Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) promulgated by the SCNPC on June 29, 2002, revised on June 10, 2021 and effective on September 1, 2021, production and business operation entities must formulate safety production objectives and measures, improve the working environment and conditions of workers in a planned and step-by-step manner, establish a safety production guarantee system and implement a safety production post responsibility system. In addition, production and business operation entities must arrange safety production training and provide employees with personal protective equipment that meets national or industry standards. In addition, the production and business operation entities shall report the major hazard sources and related safety measures and emergency measures to the emergency management department and other relevant departments for the record, and formulate a safety risk rating control system and take corresponding control measures.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and effective from November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (中華人民共和國商標法實施條例) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Copyright

According to the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners.

Pursuant to the Regulation on Computers Software Protection (計算機軟件保護條例) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration on February 20, 2002 and latest amended on July 1, 2004, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Patent

In accordance with the Patent Law of the PRC (中華人民共和國專利法), promulgated by the SCNPC, which was latest amended in October 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to three categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and ten years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain Names

The Measures on Administration of Internet Domain Names (互聯網域名管理辦法) was promulgated by the MIIT in 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (中華人民共和國勞動法), the PRC Labor Contract Law (中華人民共和國勞動合同法) (the "Labor Contract Law") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which became effective on January 1, 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers

must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

The PRC Social Insurance Law (中華人民共和國社會保險法) (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 and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social 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 with local social insurance 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 and be subject to a late fee. 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.

Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《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)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38 Paragraph 3 of the Labor Contract Law, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law.

Housing Provident Fund

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, enforcement by the people's court will be applied.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON FOREIGN EXCHANGE

Regulations relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The SAFE issued the Circular on Reforming of the Management Method of the Settlement of Foreign Currency 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 19") on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of 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) (the "SAFE Circular 16"), which was amended on December 4, 2023, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), which was amended on December 4, 2023, or SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange 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 SAFE Circular 8, issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to substantial changes accordingly, and we cannot assure that we will be able to comply with the latest requirements in a timely manner.

Regulations relating to Stock Incentive Plans

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) (the "SAFE Circular 7"), promulgated by SAFE in February 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions.

REGULATIONS ON TAX

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 Regulation 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 2024, collectively referred to as the Enterprise Income Tax Law, 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 qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will 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 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. On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (中華人民共和國增值稅法), which will become effective on January 1, 2026, upon which VAT Regulations shall be repealed.

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知) effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

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, imported goods shall be adjusted to 13% and 9%, respectively.

Dividends Distribution

The principal laws, rules and regulations governing dividend distributions by foreign invested enterprises in the PRC are the Company Law of the PRC, promulgated in 1993 and latest amended in 2023, and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

According to the Civil Procedure Law of the PRC (中華人民共和國民事訴訟法) which was promulgated by the National People's Congress on April 9, 1991 and most recently amended on September 1, 2023 and became effective on January 1, 2024, the limitation period for an action to recover a debt (including the recovery of declared dividends) is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Pursuant to the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法), which was most recently amended on August 31, 2018, and the Implementation Provisions of the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法實施條例), which was most recently amended on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Enterprise Income Tax Law of PRC and the Regulation on the Implementation of the Enterprise Income Tax Law of PRC, since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any such non-PRC resident investors' jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the EIT in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law of the PRC (中華人民共和國證券法), which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties

and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on 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 "Overseas Listing Trial Measures") together with five supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the "Overseas Listing Regulations"). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing 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) (the "Provision on Confidentiality"). Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies

and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

U.S. EXPORT CONTROL LAWS AND REGULATIONS

Export Administration Regulations

The U.S. government imposes export controls for national security, foreign policy interest, and other various policy reasons. One of the primary U.S. export control regimes is governed by the EAR, which are administered and enforced by the BIS. BIS is responsible for regulating the export, reexport, or transfer (in-country) of a diverse range of goods, software, and technology (collectively, the "items") including most commercial items, "dual-use" items (i.e., those items having both commercial and military or proliferation applications), and less-sensitive military items.

BIS regulates the export, reexport, and in-country transfer of items that are "subject to the EAR," a term of art that includes: (i) all U.S.-origin items wherever they are located in the world; (ii) any item physically in, or moving in transit through, the United States or U.S. Foreign Trade Zone (including items of foreign origin); (iii) any foreign-made item containing more than a *de minimis* amount of certain controlled U.S.-origin content; and (iv) certain foreign-made items that are the "direct products" of certain controlled U.S.-origin software or technology (or are the direct product of a plant or major plant component that is itself the direct product of such controlled U.S.-origin software or technology). Generally, foreign-made items that incorporate controlled U.S.-origin content accounting for 25% or less of the value of such items are not subject to the EAR when exported, reexported, or transferred (in-country) to any country except for Cuba, Iran, North Korea, or Syria (for which the *de minimis* threshold is 10%), unless the controlled content is of a certain type for which there is no *de minimis* threshold. For purposes of the *de minimis* analysis, a "controlled" item is any item that would require a destination-based export license from BIS to be exported to, reexported to, or transferred (in-country) within the country at issue.

Items that are subject to the EAR may require a license from BIS prior to the export, reexport, or transfer (in-country) of the item. Whether an export license is required depends on the Export Control Classification Number ("ECCN") of the item at issue, the destination to which the item is being exported, reexported, or transferred, and the intended end use or end user of the item.

In particular, BIS maintains several restricted party lists of companies, organizations, and individuals that may be subject to additional license requirements, regardless of the classification of the item. For example, parties on the "Entity List," Supplement No. 4 to 15 C.F.R. § 744, are generally prohibited from receiving some or all items subject to the EAR, absent an export license from BIS. License requirements for persons on the Entity List may be limited to only specific ECCNs of concern, or generally apply to all items subject to the EAR.

A party that exports, reexports, or transfers an item that is subject to the EAR is strictly liable for violations related to such activity. The EAR also provides a basis for liability for other parties to a given transaction (i.e., in addition to the exporter). Specifically, parties are prohibited from (i) causing, aiding, or abetting a violation of the EAR; (ii) soliciting or attempting a violation of the EAR; (iii) conspiring to bring about or engage in a violation of the EAR; (iv) misrepresenting or concealing facts to the U.S. government in connection with activities subject to the EAR; (v) acting with the intent to evade the EAR; (vi) failing to comply with recordkeeping requirements of the EAR; and (vii) acting with "knowledge" that a violation of the EAR has occurred or is about to occur. The EAR defines "knowledge" as including "positive knowledge that the circumstance exists or is substantially certain to occur," as well as "an awareness of a high probability of its existence or future occurrence," which is "inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person's willful avoidance of facts."

Effective June 5, 2020, the BIS added "Intellifusion" with aliases "Shenzhen Yuntian Lifei Technology Co., Ltd." and "Yuntian Lifei", which are translations of its official Chinese name, to the Entity List, and the listed entity (the "Listed Entity") was subsequently designated as a Footnote 4 entity (the "FN4") on October 7, 2022, pursuant to Supplement No. 4 to Part 744 of the EAR. None of the subsidiaries, partially owned subsidiaries, or sister companies were separately designated (the "non-listed entities").

The Entity List restrictions do not apply to non-listed entities that are legally distinct from the Listed Entities. Pursuant to Q.23 of the Entity List FAQs (First published 21 October 2016, latest updated 10 November 2025), the BIS has explicitly advised that "the licensing and other obligations imposed on an entity by virtue of being listed on the Entity List do not per se apply to its subsidiaries, parent companies, sister companies, or other legally distinct affiliates that are not listed on the Entity List." However, such a Non-listed Entity (or any other person) may not "act as an agent, a front, or a shell company for a Listed Entity in order to facilitate transactions that would not otherwise be permissible with the Listed Entity."

The addition of the Listed Entity to the Entity List restricts its ability to purchase, acquire, or otherwise access any items subject to the EAR without a license from BIS. Specifically, absent a license from BIS, it is prohibited to export, reexport, or transfer any items subject to the EAR when the Listed Entity is a party to the transaction, including as purchaser, intermediate consignee, ultimate consignee, or end-user. That is, even if the Listed Entity is not the intended end user of the item(s) involved, the restrictions would still apply to the extent the Listed Entity is the purchaser or otherwise involved in a given transaction. License applications to the Listed Entity will be reviewed with a presumption of denial or a case-by-case policy.

The Entity List Footnote 4 Foreign Direct Product (the "FDP") Rule imposes stringent restrictions on transactions involving FN4 designated entities which extends the scope of U.S. export controls to certain foreign-produced items that are the direct product of specified U.S.-origin technology or software. Any reexport, export, or in-country transfer of certain items to FN4 entities requires a BIS license, with a presumption of denial for most applications. Transactions with the Listed Entity may trigger FN4 FDP if: (i) the foreign-produced item is a "direct product" of "technology" or "software" subject to the EAR and specified in certain ECCNs; or (ii) the foreign-produced item is produced by any complete plant or "major component" of a plant that is located outside the United States, when the complete plant or "major component" of a plant, whether made in the U.S. or a foreign country, itself is a "direct product" of U.S.-origin "technology" or "software" that is specified in certain ECCNs.

The Entity List restrictions applicable to the Listed Entity apply to items subject to the EAR only where such items would be imported, procured, or obtained by the Listed Entity post-designation to the Entity List. That means, the restrictions imposed on a newly listed entity only apply to transactions and activities occurring after the official effective date of its addition to the list. For example, if the Listed Entity obtained an item subject to the EAR prior to June 5, 2020, the Listed Entity would not be prohibited from continuing to access and use such item post-Entity List designation. However, the Listed Entity would be prohibited from obtaining additional quantities of, or updated versions of, such item as of June 5, 2020. On September 29, 2025, BIS published a new regulatory amendment, commonly referred to as the Affiliate Rule, which expands the scope of EAR controls to apply to foreign entities that are 50% or more owned, individually or in aggregate, by one or more listed parties. This rule introduces a broader attribution standard for export control purposes, regardless of whether the subsidiary or affiliate is separately named. However, the Affiliate Rule is prospective in nature, does not apply retroactively to conduct or structures established before its effective date, and is currently subject to a one-year enforcement moratorium, since November 10, 2025. BIS has indicated that it will not initiate enforcement actions based solely on this new ownership based criterion during the moratorium period.

OFAC NS-CMIC sanctions framework

The OFAC Non-SDN Chinese Military-Industrial Complex List (the "NS-CMIC List") is a targeted sanctions framework administered by the U.S. Treasury's Office of Foreign Assets Control (the "OFAC"). It specifically focuses on Chinese companies deemed to be part of or supporting China's

military-industrial complex. Unlike the broader Specially Designated Nationals List (the "SDN List"), which imposes full blocking sanctions, the NS-CMIC List applies more selective restrictions. Entities on the NS-CMIC List are not subject to full asset freezes or comprehensive transaction bans (unlike those on the SDN List). The primary prohibition for U.S. persons is on purchasing or selling publicly traded securities (or derivatives thereof) of listed companies. This aims to curb U.S. investment in these firms. The sanctions only apply to entities explicitly named on the NS-CMIC List. The OFAC "50% rule" (which automatically sanctions entities owned 50% or more by a sanctioned party) does not automatically apply to subsidiaries of NS-CMIC listed companies.

REGULATIONS ON TARIFFS

The U.S. tariff import regulation system is governed by a comprehensive legal framework. All goods imported into the U.S. are classified for tariff purposes under the Harmonized Tariff Schedule of the United States (the "HTSUS"). The HTSUS is maintained by the United States International Trade Commission (the "USITC") and is regularly updated to reflect changes in international trade and tariff policy. Every product imported into the U.S. must be classified under a specific HTSUS heading and subheading.

The U.S. primarily applies ad valorem (based on the value of the goods) systems to determine tariff rates to be applied on imported goods. The value of imported goods is determined according to the customs valuation rules, which primarily use the transaction value (the price actually paid or payable for the goods) as the basis for duty assessment.

The U.S. government has implemented a series of executive actions in 2025 that significantly escalated trade restrictions on Chinese-origin goods. On February 1, 2025, a broad 10% tariff was imposed on all imports from China, effective on February 4, 2025, pursuant to an Executive Order titled "Imposing Duties to Address the Synthetic Opioid Supply Chain in the People's Republic of China". On March 3, 2025, the so-called fentanyl-related tariff was further raised to 20%. This was followed by Executive Order 14257 on April 2, 2025, which introduced minimum tariff rates of 10% applicable to imports from all countries and established a country-specific tariff regime of additional tariffs targeting nations with substantial trade imbalances, including China. Within days, the country-specific tariffs on many Chinese products, were increased to 84% and then to 125% which, in combination with the 20% so-called fentanyl tariffs, brought the tariff rate on most imports from China to 145%. On May 12, 2025, the United States and China announced a 90-day tariff rollback agreement following bilateral negotiations in Geneva, which rolled back the country-specific tariff to a baseline of 10% for 90 days. On August 11, 2025, amidst continued negotiations, the two sides announced an additional 90-day extension until November 10, 2025.

REGULATIONS ON OUTBOUND INVESTMENTS

On August 9, 2023, the U.S. government issued Executive Order 14105 of August 9, 2023 and the U.S. Department of the Treasury (the "Treasury") published an advanced notice of proposed rule-making (the "ANPRM") providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. On June 21, 2024, Treasury issued a proposed rule for the Outbound Investment Program. On October 28, 2024, Treasury issued a Final Rule setting forth the Outbound Investment Program regulations that implement the Executive Order 14105 of August 9, 2023.

The Final Rule took effect on January 2, 2025. The Final Rule targets investments by U.S. Investors that involve persons and entities associated with "countries of concern," currently China, including the SARs of Hong Kong and Macau. The Outbound Investment Program imposes investment prohibitions and notification requirements on U.S. Investors participating in a range of transactions relating to three technology sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems.

Under the Outbound Investment Program, these investment prohibitions and notification requirements apply to certain transactions involving "Covered Foreign Persons," which include, but are not limited to, (i) companies that are engaged in one of these three technology sectors and that are headquartered, incorporated in, or have their principal place of business in a "country of concern," (ii) companies that are engaged in one of these three technology sectors and that are directly or indirectly owned by the government of a "country of concern" or by certain individuals or entities associated with a "country of concern," and (iii) companies with significant financial ties to companies described in (i) or (ii). Under the Outbound Investment Program, transactions by U.S. Investors that are subject to the Outbound Investment Program are referred to as "covered transactions," such as transactions involving "Covered Foreign Persons," including certain acquisitions of equity interests and contingent equity interests, debt financing, joint ventures, and investments as a limited partner in a pooled investment fund. The Outbound Investment Program requires U.S. Investors that are the parents of non-U.S. entities to "take all reasonable steps to prohibit and prevent any transaction by" their non-U.S. entities that would be a prohibited transaction if engaged in by a U.S. Investors. The Outbound Investment Program's notification requirements also apply to U.S. person-entities that are the parents of non-U.S. entities that enter into transactions that would be notifiable transactions if entered into by a U.S. Investors.

The Outbound Investment Program prohibits U.S. Investors from knowingly directing a non-U.S. investor to enter into a transaction that would be prohibited if entered into by a U.S. investor. The Outbound Investment Program provides for certain excepted transactions, which, if applicable, are not subject to the prohibited transaction or notification requirements under the Final Rule. In particular, for the purpose of the Company's listing, key excepted transactions include purchases of publicly traded securities (such as the trading of our Shares on the Exchange after the completion of the **[REDACTED]**).

Failing to comply with the Outbound Investment Program notification requirements or failing to provide accurate and complete information in the filing under the Outbound Investment Program may subject the relevant U.S. Investors to civil penalties including fines of up to the greater of two times the transaction value or US$377,700 (as such amount may be adjusted for inflation), and—for willful violations—criminal penalties of fines of up to US$1 million and imprisonment of up to 20 years.