We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section outlines the key PRC laws and regulations relevant to our business operations.

LAWS AND REGULATIONS RELATED TO COMPANIES AND FOREIGN INVESTMENT

The Company Law of the People’s Republic of China (the “**Company Law**”) was promulgated on December 29, 1993, last amended on December 29, 2023, and came into effect on July 1, 2024. The Company Law regulates the organizational forms, organizational structure, and operational guidelines for companies established within the PRC territory. Except as otherwise provided by laws related to foreign-invested enterprises, the Company Law also applies to foreign-invested enterprises.

Foreign investment activities in the PRC are governed by a series of laws and regulations, particularly the Foreign Investment Law of the People’s Republic of China, the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》, the “**Negative List**”), and other relevant documents, which aim to clarify foreign investment access policies, regulatory measures, and industry directions.

The Foreign Investment Law of the People’s Republic of China, promulgated on March 15, 2019 and effective from January 1, 2020, established the regulatory framework for foreign investment in the PRC. Under the law, the PRC implements a pre-establishment national treatment approach for foreign investment, coupled with a negative list management system, whereby foreign investments outside the Negative List are afforded national treatment.

The Measures for the Administration of Foreign Investment Information Reporting, promulgated on December 30, 2019 and effective from January 1, 2020, establish the detailed framework for the foreign investment information reporting system. Under these Measures, foreign investors, whether directly or indirectly investing in the PRC, are required to submit investment information to the competent commerce authorities in accordance with the provisions of the Reporting Measures.

Promulgated on September 6, 2024 and effective from November 1, 2024, the Negative List sets out special administrative measures governing foreign investment access. According to the Negative List, our business does not fall into the categories of restricted or prohibited foreign investment.

INDUSTRY POLICIES RELATED TO CONSTRUCTION MACHINERY

According to the 14th Five-Year Development Plan for the Construction Machinery Industry (《工程機械行業“十四五”發展規劃》), jointly issued by the First Department of Equipment Industry of the Ministry of Industry and Information Technology (the “**MIIT**”) and the China Construction Machinery Association on July 8, 2021, the industry is projected to achieve an average annual growth rate exceeding 5% during the 14th Five-Year Plan period. The Plan targets an international revenue contribution of over 30%, alongside the advancement of core industrial capabilities and the modernization of the industrial chain. Furthermore, the Plan outlines six major innovation and industrialization initiatives, including smart manufacturing, reliability enhancement, and industrial internet platform development. It emphasizes achieving self-sufficiency in high-end components and breakthroughs in critical core technologies, driving the transition towards intelligent and green development, boosting indigenous innovation capabilities, enhancing international competitiveness, and positioning the PRC’s construction machinery sector as a key player in the global industrial chain.

LAWS AND REGULATIONS RELATED TO PRODUCT QUALITY AND PRODUCT LIABILITY

The Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), promulgated on February 22, 1993 and last amended on December 29, 2018, mandates that producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. Manufacturers are liable for product quality and must bear legal responsibility for any quality defects. If a defect in a product causes physical injury or damage to third party property, the party which was injured or incurred damage may claim compensation against the producer or may claim compensation against the seller. If the producer of the product is liable and compensation is made by the seller of the product, the seller of the product shall have the right of recovery against the producer of the product; if the seller of the product is liable and compensation is made by the producer of the product, the producer of the product shall have the right of recovery against the seller of the product.

The Law on the Protection of Consumer Rights and Interests of the People's Republic of China (《中華人民共和國消費者權益保護法》), promulgated on October 31, 1993, last amended on October 25, 2013, and effective from March 15, 2014, ensures consumers' lawful rights when purchasing goods or services. All business operators must comply with this Law when providing goods/services. Consumers suffering personal injury or property damage due to manufacturing defects may claim compensation from either the seller or the manufacturer. After paying compensation, the seller has the right to recover the loss from the liable manufacturer.

The Civil Code of the People's Republic of China (《中華人民共和國民法典》, the "**Civil Code**"), enacted on May 28, 2020 and effective as of January 1, 2021, stipulates that manufacturers or sellers shall bear tort liability for personal injury or property damage caused by product defects during production, sale, or circulation.

LAWS AND REGULATIONS RELATED TO WORK SAFETY

The Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), originally promulgated on June 29, 2002, last amended on June 10, 2021, and effective from September 1, 2021, together with the Regulations on Work Safety Permits (《安全生產許可證條例》), issued on January 13, 2004 and last amended on July 29, 2014, require production and business units to comply with applicable work safety laws and regulations by strengthening safety management, establishing sound responsibility systems and operational rules, improving safety conditions, promoting standardized safety practices, and enhancing overall safety standards. Entities failing to satisfy statutory work safety conditions stipulated by the Work Safety Law, relevant laws, administrative regulations, and national or industry standards are prohibited from engaging in production and business operations.

The Administrative Measures for the Qualification of Construction Enterprises (《建築業企業資質管理規定》), promulgated on October 6, 1995 and last amended on December 22, 2018, mandate that construction enterprises must apply for qualification certificates based on their assets, key personnel, completed project performance, and technical equipment. Only upon passing official review may enterprises obtain qualification certificates and conduct construction activities within the permitted scope.

LAWS AND REGULATIONS RELATED TO VEHICLE PRODUCTION ACCESS

Since January 1, 2001, the government has periodically released the Public Notice of Automobile Vehicle Manufacturer and Products (《車輛生產企業及產品公告》) (the "Public Notice") to regulate automobile manufacturers and their products. The automobile manufacturers listed in the Public Notice shall only manufacture and sell the vehicle models authorized by the Public Notice. Any manufacturers that produce or sell automobile products or vehicles not included in the Public Notice shall be subject to penalties. The Policy provides that in order to be registered in the Public Notice, the automobile products must pass compliance tests of various safety standards, technical specifications and environmental protection requirements.

To streamline the approval process, the MIIT promulgated the Administrative Regulation on Admission of Road Motor Vehicle Manufacturers and Products (《道路機動車輛生產企業及產品准入管理辦法》) (the "New Admission Regulation") on November 27, 2018, which took effect on June 1, 2019. The New Admission Regulation unifies various admission regulations for different types of road vehicle manufacturers and products and simplifies the approval procedures for vehicle manufacturing.

LAWS AND REGULATIONS RELATED TO FIRE PROTECTION

The Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》), promulgated on April 29, 1998 and last amended on April 29, 2021, requires the Ministry of Housing and Urban-Rural Development (the "**MOHURD**") and its local authorities to supervise and inspect the fire safety design and implementation of construction projects. Fire rescue departments are responsible for inspecting institutions, organizations, and enterprises for compliance with fire safety regulations.

The Provisional Regulations on Fire Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), promulgated on April 1, 2020, last amended on August 21, 2023 and effective from October 30, 2023, stipulate that construction entities bear primary legal responsibility for fire protection design and construction quality. Special construction projects are subject to a mandatory fire safety acceptance inspection system. Projects that fail to pass inspection or receive unqualified results are prohibited from being put into use. Other construction projects (non-special projects) implement a filing and random inspection system. Construction entities must submit fire acceptance documentation to MOHURD authorities for filing after project completion. MOHURD authorities conduct random inspections on filed projects and projects that fail inspections must cease operation immediately.

LAWS AND REGULATIONS RELATED TO ENVIRONMENTAL PROTECTION

The Environmental Laws

Our production operations must comply with the Environmental Protection Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on December 26, 1989, last amended on April 24, 2014 and effective from January 1, 2015; the Water Pollution Prevention and Control Law of the People's Republic of China promulgated on May 11, 1984, last amended on June 27, 2017 and effective from January 1, 2018; the Air Pollution Prevention and Control Law of the People's Republic of China promulgated on September 5, 1987, last amended on October 26, 2018 and effective on the same date; and the Solid Waste Pollution Prevention and Control Law of the People's Republic of China promulgated on October 30, 1995, last amended on April 29, 2020 and effective from September 1, 2020 (collectively referred to as the "**Environmental Laws**"). These Environmental Laws regulate various environmental matters including air pollution, noise, wastewater, and solid waste emissions.

According to the Environmental Laws, all businesses that may cause environmental pollution and other public hazards must incorporate environmental protection measures into our planning and establish a reliable environmental protection system. Such businesses must take effective measures to prevent and control the pollution degree and harm to the environment caused by waste gas, waste water, solid waste, dust, odorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the processes of production, construction and other activities.

According to the Environmental Laws, we must conduct an environmental impact assessment before building production facilities and install pollution treatment facilities that meet relevant environmental standards and treat pollutants before discharge.

Pollutant Discharge Permit

According to the Catalog for the Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition), promulgated on December 20, 2019, and effective on the same date, the State implements a system of priority management, simplified management, and registration-based management for pollutant discharge permits. This classification is based on factors including the volume of pollutants generated and discharged by the discharging entity, and the degree of its environmental impact.

According to Administrative Measures for Pollutant Discharge Permits, promulgated on April 1, 2024, and effective on July 1, 2024, enterprises, public institutions, and other producers and operators (hereinafter referred to as "**Pollutant Discharging Entities**") that are subject to pollutant discharge permit management as required by law shall apply for and obtain a pollutant discharge permit in accordance with the law, and discharge pollutants strictly in compliance with the provisions of the permit; no entity may discharge pollutants without obtaining a pollutant discharge permit. Enterprises, public institutions, and other producers and operators (hereinafter referred to as "**Pollutant Registration Entities**") that are required by law to complete a pollutant discharge registration form shall register their pollutant discharge information via the National Pollutant Discharge Permit Management Information Platform. Pollutant Discharging Entities shall, prior to the commencement of actual pollutant discharge activities, apply to obtain a pollutant discharge permit from the competent ecological and environmental protection department of the local people's government at the municipal level or above where their production or operation facilities are located. Pollutant Registration Entities shall, prior to the commencement of actual pollutant discharge activities, complete and submit the pollutant discharge registration form through the National Pollutant Discharge Permit Management Information Platform. Upon submission, a registration number and an acknowledgment receipt are generated immediately, which shall be retained by the Pollutant Registration Entity.

In 2014, the Emission Limits and Measurement Methods for Exhaust Pollutants from Diesel Engines Used in Non-Road Mobile Machinery (China Stage III and IV) (GB 20891-2014) was released. In 2020, the Ministry of Ecology and Environment of the PRC and the SAMR jointly issued an amendment to this standard and published the accompanying technical specification, Pollutant Emission Control Technical Requirements for Non-Road Diesel Mobile Machinery (HJ1014-2020), (jointly, the "**National IV Emission Standard**"), which took effect in December 2022. The main contents of the National IV Emission Standard include stricter requirements for overall machinery emissions, the introduction of particulate number limits, the establishment of remote monitoring and positioning requirements, the specification of a designated deterioration factor, and the inclusion of three-wheeled vehicles under the unified management of non-road machinery standards. These measures aim to effectively control the emissions of nitrogen oxides (NOx) and particulate matter (PM).

Environmental Impact Assessment for Construction Projects

Pursuant to the Environmental Impact Assessment Law of the People's Republic of China (promulgated on October 28, 2002, and last amended and implemented on December 29, 2018) and the Regulations on the Administration of Environmental Protection of Construction Projects (promulgated on November 29, 1998, and last amended on July 16, 2017 and effective from October 1, 2017), the State implements an environmental impact assessment (EIA) system for construction projects.

In accordance with the Catalog for the Classified Administration of Environmental Impact Assessment of Construction Projects (initially effective September 2, 2008, and updated from time to time), the EIA for construction projects is subject to classified administration based on the project characteristics and the environmental sensitivity of the location, taking into comprehensive consideration the potential environmental impact. Construction entities are required to prepare an Environmental Impact Report, an Environmental Impact Statement, or file an Environmental Impact Registration Form, as applicable.

Pursuant to the Interim Measures for the Completion Environmental Protection Acceptance of Construction Projects (promulgated and implemented on November 20, 2017), the construction entity is the responsible party for the completion environmental protection acceptance. The construction entity must organize the acceptance inspection of the supporting environmental protection facilities according to the prescribed procedures and standards, compile an acceptance report, disclose relevant information, and accept public supervision, thereby ensuring that the required environmental protection facilities are put into operation or use simultaneously with the main project. Should the environmental protection facilities fail to be constructed concurrently with the main project, or should the project require but fail to obtain a pollutant discharge permit, the construction entity shall not carry out any commissioning of the environmental protection facilities for the construction project.

LAWS AND REGULATIONS RELATED TO INFORMATION AND CYBERSECURITY

The Multi-Level Information Security Protection Scheme promulgated and implemented on June 22, 2007, stipulates that information systems shall be classified into five security protection tiers based on the extent of harm caused to national security, social order, public interests, and the lawful rights of citizens, legal entities, and other organizations in the event of system damage. Operators of existing Level 2 or higher information systems shall complete registration procedures with the local public security bureau at the municipal level or above within 30 days after the security protection tier is determined. Operators of newly established Level 2 or higher information systems shall complete such registration with the same authorities within 30 days after operation commences.

The National Security Law of the People's Republic of China promulgated and implemented on July 1, 2015, stipulates that the state shall establish a network and information security assurance system, enhance network and information security protection capabilities, strengthen research and development of innovative network and information technologies, and ensure the security and controllability of core network and information technologies, critical infrastructure, and information systems and data in key fields.

The Cybersecurity Law of the People's Republic of China promulgated on November 7, 2016, last amended on October 28, 2025 and effective from January 1,2026, regulates network construction, operation, maintenance, and use within the PRC, as well as cybersecurity supervision. The PRC implements a multi-level cybersecurity protection system. Network operators shall fulfill security protection obligations as required by this system to safeguard networks against interference, damage, or unauthorized access, and prevent network data leakage, theft, or tampering. Network operators violating this law may face orders for rectification, warnings, fines, suspension of business operations, website shutdowns, or revocation of business licenses.

The Data Security Law of the People's Republic of China, promulgated on June 10, 2021, and effective on September 1, 2021, stipulates the data security obligations and responsibilities of entities and individuals engaged in data processing activities. The Data Security Law of the People's Republic of China also establishes a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm caused to national security, public interests, or the lawful rights and interests of individuals and organizations in the event of data tampering, destruction, leakage, or illegal acquisition or use, and requires the adoption of appropriate levels of protective measures corresponding to the respective data security protection levels. Violation of the Data Security Law of the People's Republic of China may result in orders to cease illegal activities, warnings, fines, suspension of business operations for rectification, revocation of business licenses or operating permits, and the directly responsible supervisors or other directly responsible personnel may be fined.

The Regulations on the Security Protection of Critical Information Infrastructure, promulgated on July 30, 2021, and effective on September 1, 2021, stipulate the protection requirements for critical information infrastructure. "Critical information infrastructure" refers to important network facilities and information systems in important industries and fields such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, and national defense science and technology industry, as well as other important network facilities and information systems that, if destroyed, rendered dysfunctional, or subject to data leakage, may seriously endanger national security, the national economy and people's livelihood, or public interests. The Regulations on the Security Protection of Critical Information Infrastructure also stipulate the procedures for identifying critical information infrastructure. The competent authorities are to formulate detailed rules for the identification of critical information infrastructure, be responsible for organizing the identification of critical information infrastructure in relevant industries, and promptly notify the relevant operators of critical information infrastructure of the identification results.

The Network Data Security Management Regulations, promulgated on September 30, 2024, and effective on January 1, 2025, apply to data processing activities conducted within the PRC territory, as well as activities processing the personal information of natural persons within the PRC territory. Specific provisions of the Network Data Security Management Regulations include, but are not limited to, clarifying that data processors must strengthen the protection of network data security, establish and perfect the system of network data security management, and take technical measures such as encryption, backup, access control and security authentication as well as other necessary measures to protect network data from being falsified, destroyed, divulged or illegally acquired or used. The Network Data Security Management Regulations also stipulates that when providing personal information and important data to third parties, data processors must stipulate the purpose, methods, scope, and security protection obligations through contracts or other means. Furthermore, the officially published version of the Network Data Security Management Regulations do not include the article of "if a data processor's proposed listing in Hong Kong affect or may affect national security, the data processor shall apply for the cyber security review according to relevant laws and regulations" that as presented in the Network Data Security Management Regulations (Draft for Comment) published on November 14, 2021. The Network Data Security Management Regulations only stipulate that network data processors carrying out network data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant national regulations.

The Measures for the Administration of Data Security in the Industrial and Information Technology Fields (Trial), promulgated on December 8, 2022, and implemented on January 1, 2023, clarify the requirements for classified and hierarchical protection of industrial data and the management of important data, define the scope of responsibilities of the MIIT and local industrial regulatory authorities, and stipulate requirements for data security protection throughout the entire lifecycle. Pursuant to the Measures for the Administration of Data Security in the Industrial and Information Technology Fields (Trial), data processors in the industrial and information technology fields shall regularly review data, identify important data and core data in accordance with relevant standards and specifications, and form specific catalogs for their own units. Data processors in the industrial and information technology fields shall bear the primary responsibility for the security of data processing activities and implement hierarchical protection for various types of data.

LAWS AND REGULATIONS RELATED TO PERSONAL INFORMATION PROTECTION

Pursuant to the Civil Code, personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others.

The Personal Information Protection Law of the People's Republic of China, which was promulgated on August 20, 2021 and took effect on November 1, 2021, stipulates that "Personal information" refers to various information related to an identified or identifiable natural person recorded electronically or by other means, but does not include anonymized information. Personal information processing includes personal information collection, storage, use, processing, transmission, provision, disclosure and deletion, among others. A personal information processor can process personal information of an individual only if one of the following circumstances exists: (i) the individual's consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract in which the individual is a party, or necessary for human resources management in accordance with the labor rules and regulations established in accordance with the law and the collective contracts signed in accordance with the law; (iii) the processing is necessary for the performance of statutory duties or obligations; (iv) the processing is necessary for the response to public health emergencies, or for the protection of life, health, and property safety of natural persons in emergencies; (v) the personal information is reasonably processed for news reporting, media supervision, and other activities conducted in the public interest; (vi) the personal information disclosed by the individual himself or other legally disclosed personal information of the individual is reasonably processed in accordance with this Law; and (vii) other circumstances as provided by laws or administrative regulations. Unless otherwise provided in clauses (ii) to (vii) listed above, individual consent shall be obtained for processing personal information. A personal information processor shall process personal information according to the rules in the Personal Information Protection Law and fulfill its personal information protection obligation under this law.

To protect the rights and interests of app users, pursuant to the Announcement on Launching Special Campaigns Against Illegal Collection and Use of Personal Information by Apps issued on January 23, 2019, app operators shall comply with the Cybersecurity Law of the People's Republic of China when collecting and using personal information, and shall bear responsibility for the security of acquired personal information. App operators are responsible for the security of the personal information obtained and must take effective measures to strengthen personal information protection. Furthermore, app operators shall not coerce user authorizations through default settings, bundling, suspension of installation/use, or other improper means; or collect or use personal information in violation of laws, regulations, or user agreements.

LAWS AND REGULATIONS RELATED TO LABOR PROTECTION AND SOCIAL INSURANCE

The PRC maintains comprehensive labor protection regulations, including: Labor Law of the People's Republic of China (promulgated July 5, 1994; last amended and implemented December 29, 2018); Labor Contract Law of the People's Republic of China (promulgated June 29, 2007; last amended December 28, 2012; effective July 1, 2013); Regulations on Work-Related Injury Insurance (promulgated April 27, 2003; last amended December 20, 2010; effective January 1, 2011); Unemployment Insurance Regulations (promulgated and effective January 22, 1999); Trial Measures on Maternity Insurance for Enterprise Employees (promulgated and effective December 14, 1994); Interim Regulations on the Collection and Payment of Social Insurance Contributions (promulgated January 22, 1999; last amended and effective March 24, 2019); Regulations on the Administration of Housing Provident Fund (promulgated April 3, 1999; last amended and effective March 24, 2019); and other relevant regulations, rules, and provisions issued by government authorities from time to time.

Pursuant to Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, an employer must enter into a written employment contract with its employees to establish a formal labor relationship. Employers are obligated to pay wages that are not lower than the local minimum wage standard, provide employees with a safe and hygienic working environment, establish occupational health and safety rules and regulations, provide regular safety training and conduct periodic health checks for employees engaged in hazardous operations.

The Social Insurance Law of the People's Republic of China Regulations on Work-Related Injury Insurance, Trial Measures on Maternity Insurance for Enterprise Employees, and Interim Regulations on the Collection and Payment of Social Insurance Contributions require employers to contribute to social insurance schemes for Chinese employees, covering basic pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, and basic medical insurance.

The Regulations on the Administration of Housing Provident Fund stipulate that employers shall register with the Housing Provident Fund Management Center for housing fund contributions and establish housing fund accounts for employees. Both employers and employees shall contribute to the housing fund fully and timely, with contributions not less than 5% of the employee's average monthly salary in the preceding year. Where an employer fails to contribute or underpays, the Housing Provident Fund Management Center shall order rectification within a stipulated period. Failure to contribute after such order shall result in compulsory enforcement by the People's Court. Failure to register or establish employee housing fund accounts shall subject the employer to an order for rectification; persistent non-compliance shall incur fines ranging from RMB10,000 to RMB50,000.

The Interpretation (II) by the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (the "**Interpretation**"), promulgated by the Supreme People's Court of the PRC on July 31, 2025 and effective as of September 1, 2025, provides rules on employers' responsibilities, confirmation of labor relations, service periods and non-competition periods, termination and performance of labor contracts, and social security payments, among others. It further addresses disputes in the field of social insurance. If the employer and the employee agree, or the employee undertakes, that the employer need not pay social insurance premiums, the court shall hold such an agreement or undertaking invalid. Under this Interpretation, the employee is entitled to terminate the labor contract and claim economic compensation, which the court shall uphold in accordance with relevant laws and regulations.

LAWS AND REGULATIONS RELATED TO TAXATION

Enterprise Income Tax

The Enterprise Income Tax Law of the People's Republic of China (promulgated on March 16, 2007, and last amended and implemented on December 29, 2018) and the Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China (promulgated on December 6, 2007, last amended on December 6, 2024, and effective January 20, 2025) constitute the primary laws and regulations governing enterprise income tax in the PRC. The Enterprise Income Tax Law and its Implementation Regulations classify enterprises into resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise established within the PRC according to law, or an enterprise established under the laws of a foreign country (region) but whose place of effective management is located within the PRC A non-resident enterprise refers to an enterprise established under the laws of a foreign country (region) whose place of effective management is not located within the PRC, but which has an establishment or place of business within the PRC or an enterprise which has no establishment or place of business within the PRC but derives income sourced within the PRC. An enterprise income tax rate of 25% applies to: (i) all resident enterprises; and (ii) non-resident enterprises that have establishments or places of business within the PRC, in respect of income derived by such establishments or places of business, or income derived outside the PRC that is effectively connected with such establishments or places of business. The enterprise income tax rate is reduced to 15% for high and new technology enterprises that require key support from the state.

Value-Added Tax (VAT)

Pursuant to the Value-Added Tax Law of the PRC, promulgated on December 25, 2024 and effective from January 1, 2026, and the Regulation on the Implementation of the Value-Added Tax Law of the PRC, promulgated on December 25, 2025 and effective from January 1, 2026, entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets, or real estate within the territory of the PRC, or in the importation of goods, shall be considered VAT taxpayers and shall pay the value-added tax. The VAT rates generally applicable are simplified as 13%, 9%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%.

LAWS AND REGULATIONS RELATED TO INTELLECTUAL PROPERTY

Patent

The Patent Law of the People's Republic of China (promulgated March 12, 1984; last amended October 17, 2020; effective June 1, 2021) defines inventions-creations as patents for inventions, utility models, or designs. The term of patent rights is as follows: invention patents last 20 years from the filing date; utility model patents, 10 years from the filing date; and design patents, 15 years from the filing date (with design patents applied for prior to June 1, 2021, having a term of 10 years). An invention-creation, made by a person in performance of the tasks of his employer, or made by him mainly by using the material and technical means of his employer is a service invention-creation. For a service invention-creation, the right to apply for a patent belongs to the employer. After the application is approved, the employer shall be the patentee. The employer may, in accordance with the law, dispose of its right to apply for a patent and the patent right for a service invention-creation and promote the implementation and application of the relevant invention-creation. The inventor or designer shall have the rights to apply for patent for a non-service invention-creation; upon approval of the application, the inventor or designer shall be the patentee. Where the employer and the inventor or designer have entered into a contract for an invention-creation completed using the material and technical conditions of the employer which stipulates the ownership of the right to apply for patent and of patent right, such agreement shall prevail.

Trademark

The Trademark Law of the People's Republic of China, promulgated on August 23, 1982 and last amended on April 23, 2019 (effective from November 1, 2019), governs the registration, use, and protection of trademarks in the PRC. Registered trademarks include product trademarks, service trademarks, collective trademarks; and certification trademarks. A registered trademark is valid for 10 years from the date of approval and may be renewed indefinitely for successive 10-year periods.

A trademark application may be rejected if the proposed mark is identical or similar to another mark already registered or preliminarily approved for the same or similar goods/services. Trademark applications must also not infringe prior rights or be filed in bad faith.

Copyright

Pursuant to the Copyright Law of the People's Republic of China (promulgated on September 7, 1990, last amended on November 11, 2020, and effective as of June 1, 2021) and its implementing regulations, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not. Copyright holders are entitled to moral rights and property rights, including but not limited to: publication right, right of authorship, right of revision, right to preserve the integrity of work, reproduction right, distribution right, rental right, exhibition right, performance right, screening right, broadcasting right, information network transmission right, filming right, adaptation right, translation right, compilation right, and, and other rights accruing to copyright holders.

The Regulations on Computer Software Protection (promulgated on June 4, 1991, last amended on January 30, 2013, and effective March 1, 2013) specifically govern the rights and interests of software copyright holders.

Domain Name

The Internet Domain Name Administration Measures (promulgated August 24, 2017; effective November 1, 2017) designate the MIIT as the national regulatory authority for domain name services, while provincial communications administrations exercise supervisory jurisdiction within their respective administrative regions. Domain name registration operates on a "first-come, first-served" basis. Domain name registrars must require applicants to submit true, accurate, and complete identity information of domain name holders and other relevant registration details.

LAWS AND REGULATIONS RELATED TO OVERSEAS LISTINGS OF DOMESTIC ENTERPRISES

The securities market activities in the PRC, including securities issuance and trading, acquisitions of listed companies, securities exchanges and securities companies, and the responsibilities of the State Council's securities regulatory authority, are governed by the Securities Law of the People's Republic of China (the "**Securities Law**"), which was promulgated by the Standing Committee of the National People's Congress on December 29, 1998, most recently amended on December 28, 2019, and took effect on March 1, 2020. The Securities Law further stipulates that domestic enterprises seeking to directly or indirectly issue securities overseas or list their securities on overseas markets must comply with the relevant provisions of the State Council. Specific measures for the subscription and trading of shares of domestic companies in foreign currencies shall be separately prescribed by the State Council. Where securities are publicly issued and traded both domestically and overseas, information disclosed overseas by the information disclosure obligor must be simultaneously disclosed domestically.

As of February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") issued the Provisional Measures on the Administration of Overseas Securities Offering and Listing by Domestic Companies, the Notice on the Administration Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Companies, and corresponding guidelines (collectively referred to as the "**Filing Rules**"). Pursuant to the Filing Rules, domestic Chinese enterprises that directly or indirectly offer securities overseas or list their securities on overseas markets are required to file with the CSRC within three business days after submitting their listing application documents to the relevant regulatory authorities in the intended listing jurisdiction.

LAWS AND REGULATIONS RELATED TO FOREIGN EXCHANGE

The Regulations of the People's Republic of China on Foreign Exchange Administration (the "**Foreign Exchange Regulations**"), promulgated on January 29, 1996, and most recently revised on August 5, 2008, effective from that date, constitute the primary regulation governing foreign exchange administration in the PRC. Pursuant to the Foreign Exchange Regulations, foreign exchange receipts and payments under current account transactions shall be based on authentic and legitimate transaction backgrounds. Financial institutions engaged in the settlement and sale of foreign exchange shall conduct reasonable examination of the authenticity of transaction documents and their consistency with the foreign exchange receipts and payments in accordance with the provisions of the foreign exchange administrative authority of the State Council. Domestic entities and individuals making direct investments overseas or engaging in the issuance and trading of overseas securities and derivative products shall register with the foreign exchange administrative authority of the State Council in accordance with its provisions.

According to the Circular on Issues Concerning Foreign Exchange Administration for Overseas Listings issued by the State Administration of Foreign Exchange ("**SAFE**") on December 26, 2014, a domestic company shall complete the registration for its overseas listing with the local branch of SAFE in its place of registration within 15 working days after the completion of the overseas offering. Funds raised from overseas listing of a domestic company may be repatriated to the PRC or deposited overseas, and the usage of funds shall be consistent with the relevant contents set out in the Prospectus document or disclosure documents.

LAWS AND REGULATIONS RELATED TO OVERSEAS INVESTMENT

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by SAFE on July 2009 and become effective on August 1, 2009, enterprises in the PRC should apply for foreign exchange registration for their overseas direct investments after obtaining approval for such investments. The administrative approval of foreign exchange registration under overseas direct investment has been abolished by the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) and banks are entitled to directly review and conduct foreign exchange registration under overseas direct investment.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which is promulgated by the MOFCOM on March 16, 2009, amended on September 6, 2014 and became effective on October 6, 2014, the MOFCOM and its provincial commercial departments are responsible for the management and supervision of overseas investments. Except for overseas investments involving sensitive countries and regions or sensitive industries, overseas investments by enterprises in other cases are required to file with the competent commercial department.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC which become effect on March 1, 2018, investment entities carrying out overseas investment shall comply with the procedures of approval or filing to the competed authorities. For non-sensitive outbound investment projects which the amount of Chinese investment in the project is less than USD300 million and directly carried out by a local enterprise in Chinese Mainland, the filing shall be conducted to the provincial counterpart of the NDRC where the investment entity is registered. When an enterprise invests in an offshore enterprise to carry out offshore reinvestment, the enterprise should report to the competent commercial department after completing the offshore legal formalities.

LAWS AND REGULATIONS RELATED TO CUSTOMS AND IMPORT/EXPORT

The Customs Law of the People's Republic of China, promulgated on January 22, 1987, and most recently revised on April 29, 2021, effective from that date, stipulates that The Customs of the PRC is responsible for the supervision and administration of entry into and exit from the customs territory. Customs shall exercise supervision and administration over all means of transport, goods, luggage, postal items and other articles entering and leaving the PRC territory, levy Customs duties and other taxes and fees, investigate and counter smuggling, compile Customs statistics and handle other Customs affairs.

Pursuant to the Foreign Trade Law of the People's Republic of China (the "**Foreign Trade Law**"), promulgated on May 12, 1994, last amended on December 27, 2025, and effective from March 1, 2026, the PRC shall permit free import and export of goods and technologies, unless otherwise in relevant laws or administrative regulations. Foreign trade operators are exempt from registration requirements as of the effective date of the Foreign Trade Law.

LAWS AND REGULATIONS RELATED TO ANTI-UNFAIR COMPETITION

The Anti-Unfair Competition Law of the People's Republic of China (the "**Anti-Unfair Competition Law**"), promulgated on September 2, 1993, last amended on June 27, 2025, and effective from October 15, 2025, defines unfair competition as acts committed by operators in their production or business activities that violate the provisions of the Anti-Unfair Competition Law, disrupt market competition order, and infringe upon the lawful rights and interests of other operators or consumers. Pursuant to the Anti-Unfair Competition Law, operators shall adhere to the principles of voluntariness, equality, fairness, and good faith in their production and business activities, comply with laws and business ethics, and engage in market competition fairly. Operators that violate the provisions of the Anti-Unfair Competition Law shall bear corresponding civil liability, administrative liability, and criminal liability depending on the specific circumstances.

SANCTIONS LAWS AND REGULATIONS

Hogan Lovells International LLP, our legal advisor to International Sanction laws, have provided the following summary of the sanctions regimes imposed by their respective jurisdictions. This summary does not intend to set out the laws and regulations relating to the U.S., the European Union, the UK, the United Nations and Australian sanctions in their entirety.

U.S.

Treasury Regulations

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "UNSC") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime by regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.