
REGULATORY OVERVIEW

The laws and regulations in Chinese mainland that have a significant impact on our business operations are set out below:

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT AND OVERSEAS INVESTMENT

Company Law

The PRC Company Law (《中華人民共和國公司法》) was promulgated by the Standing Committee of the National People’s Congress (the “NPCSC”), on December 29, 1993 and implemented on July 1, 1994, and last revised on December 29, 2023, which came into effect on July 1, 2024. Under the PRC Company Law, companies are generally classified into two categories, namely, limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested enterprises. Pursuant to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail. The major amendments of the latest PRC Company Law, which came into effect on July 1, 2024, include improving the company establishment and exit regime, optimizing the organizational structures of companies, improving the capital system of companies, strengthening the responsibilities of controlling shareholder and management, and reinforcing the social responsibilities of companies, among others.

According to the Provisions of the State Council on Implementation of the Registered Capital Administration System under the PRC Company Law (《國務院關於實施〈中華人民共和國公司法〉註冊資本登記管理制度的規定》) promulgated by the State Council on July 1, 2024, for a PRC company incorporated before June 30, 2024, if the remaining capital contribution period of a limited liability company exceeds five years as from July 1, 2027, the company shall adjust the remaining capital contribution period to five years by June 30, 2027 and if the company is a joint stock limited company, its promoters shall make full payment for the shares they subscribe for by June 30, 2027.

Foreign Investment

Investment activities in Chinese mainland by foreign investors are principally governed by the Catalog of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》), or the Encouraged Catalog, which was promulgated by the Ministry of Commerce and the NDRC on October 26, 2022 and took effect on January 1, 2023, and the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》), or the Negative List, which are promulgated and amended from time to time by the MOFCOM and the NDRC, and together with the PRC Foreign Investment Law (《中華人民共和國外商投資法》), or the Foreign Investment Law, and its respective implementation rules and ancillary regulations.

The Foreign Investment Law was promulgated by the NPC on March 15, 2019 and came into effect on January 1, 2020, which replaced three then existing laws on foreign investments in Chinese mainland, namely, the PRC Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law of PRC (《中華人民共和國外資企業法》). The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the Negative List, which is promulgated or approved by the State Council. To ensure the effective implementation of the Foreign Investment Law, the Regulations on Implementing the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》), or the Foreign Investment Implementation Regulations, was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment and advances a higher-level opening.

REGULATORY OVERVIEW

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020, pursuant to which, where a foreign investor carries out investment activities in the PRC directly or indirectly, the market regulatory authorities shall forward the investment information submitted by foreign investor or the foreign-invested enterprise to the competent commerce administrative authorities.

The NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the 2024 Negative List, on September 6, 2024 and effective on November 1, 2024, to replace the previous encouraging catalog and negative list thereunder. Pursuant to the Foreign Investment Law, the Foreign Investment Implementation Regulations and the 2024 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.

Overseas Investment

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise, or the Investor, making an outbound investment shall obtain approval, conduct record-filing or other procedures applicable to outbound investment projects, or the Projects, report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by the Investors directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive Projects directly carried out by the Investors, namely, non-sensitive projects involving investors’ direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing. The aforementioned “sensitive project” means a project involving a sensitive country or region or a sensitive industry. The NDRC shall promulgate the catalogue of sensitive industries. The currently effective sensitive industry catalogue is the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018.

LAWS AND REGULATIONS RELATING TO THE RETAIL INDUSTRY

Online Retail Businesses

On August 31, 2018, the NPCSC issued the E-commerce Law of the PRC (《中華人民共和國電子商務法》) (the “**E-commerce Law**”), which came into effect on January 1, 2019. According to the E-commerce Law, “e-commerce” refers to business activities carried out through information networks such as the Internet to sell commodities or offer services. E-commerce operators shall go through the registration of market entities in accordance with the law, except as otherwise required by relevant laws and regulations. An e-commerce operator shall deliver commodities or services according to its promises or the ways and time limits as agreed upon with consumers, and bear the risks and responsibilities when commodities are in transit. However, there is an exception where consumers select separate express logistics service providers. E-commerce operators are also held accountable for the quality of their products and services. In instances where e-commerce operators fail to meet their contractual obligations, breach agreed-upon terms, or cause harm to others, they are liable for civil consequences as stipulated by the law. On March 15, 2021, the SAMR released the Measures for the Supervision and Administration of Network Transactions (《網絡交易監督管理辦法》), which took effect on May 1, 2021 and was amended on March 18, 2025 with the amendments effective from May 1, 2025. It clarifies the responsibilities and obligations of network

REGULATORY OVERVIEW

trading operators, including that they should follow principles such as voluntariness, equality, fairness, and good faith, and conduct business in accordance with laws and regulations. It also defines the registration requirements for network trading operators, stipulating that except for those exempted by E-commerce Law, they generally need to make market entity registration. For the protection of consumers’ rights and interests, it requires operators to not set default options for bundled sales without permission and to remind consumers of automatic renewal services in advance. In addition, it emphasizes the protection of personal information of consumers by network trading operators, who should follow the principles of legality, justifiability, and necessity when collecting and using personal information, and obtain consumers’ consent. Moreover, it spells out the obligations of network trading platform operators, including verifying and registering the information of platform-based operators, establishing inspection and monitoring systems, and publicizing disciplinary actions against non-compliant operators.

Retail Promotion

The Measures for Administration on Sales Promotion Acts of Retailers (《零售商促銷行為管理辦法》) jointly promulgated by the MOFCOM, the NDRC, the Ministry of Public Security of the PRC, the STA, the State Administration of Industry and Commerce of the PRC (the predecessor of the SAMR) on September 12, 2006, and became effective on October 15, 2006, provide the standards and requirements of retailers’ sales promotion and advertisement.

Product Quality and Product Liability

On February 22, 1993, the NPCSC promulgated the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”), which came into effect on September 1, 1993. It was last amended by the NPCSC on December 29, 2018 and took effect on the same day. According to the Product Quality Law, producers shall be liable for the quality of the products they produce, and sellers shall also take measures to guarantee the quality of the products they sell. The market regulation department of the State Council is in charge of the supervision over product quality nationwide. The relevant departments under the State Council shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities. If there are different provisions concerning the supervision departments over product quality, such provisions shall be applied. The State applies a system of supervision and inspection in respect of product quality with random inspection as the main method. Where the quality of products for which supervision and random inspection have been carried out is not up to standard, the market regulation department that carried out the supervision and random inspection shall order the producer or seller to make rectification within a time limit. Where the rectification is not made within the time limit, the market regulation department of the people’s government at provincial level or above shall issue a public announcement; where products are re-examined after the announcement and are still not up to standard, the department shall order the production to be suspended and the operations to be reorganized; where the quality of products that has been re-examined after the expiry of the period for reorganization is still not up to standard, the business license shall be revoked. If an individual or enterprise has quality issues in products they produce or sell, they may be subject to order of suspension of production or sales, confiscation of products produced and sold illegally, imposition of fines, confiscation of illegal gains, revocation of business licenses or even investigation for criminal liabilities by relevant authorities.

On May 28, 2020, the NPC promulgated the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”), which became effective on January 1, 2021. According to the Civil Code, a producer shall bear tort liability if its product causes damage to others due to a defect. If a defect is found in a product after it has been put into circulation, the producer and the seller shall take remedial measures in a timely manner including, *inter alia*, withdrawal from sale, alerts and recalls. In the event of expanded damage arising from a failure to take remedial measures in a timely manner or inadequate remedial measures, the producer and the seller shall also bear tort liability.

Protection of Consumer Rights and Interests

The Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), as passed by the NPCSC on October 31, 1993 and last amended on October 25, 2013 contains the code of conduct for business operators when dealing with consumers, including

REGULATORY OVERVIEW

but not limited to: (i) ensuring that the goods or services shall comply with the relevant laws and regulations in relation to the product quality; (ii) providing accurate information concerning the quality, performance, purpose and term of validity of the goods or services they provide; (iii) issuing invoice or other shopping vouchers or service documents to consumers in accordance with relevant national regulations or commercial practices; (iv) ensuring that the actual quality and function of the goods or services is in conformity with the quality of the goods or services indicated by advertisement, product descriptions, samples or other means; (v) assuming responsibility for repair, remanufacturing, replacement, return of goods or other liability under national regulations or any agreement with consumers; and (vi) not to impose terms that are unreasonable or unfair on consumers.

Advertisement

On October 27, 1994, the NPCSC promulgated the Advertising Law of the PRC (《中華人民共和國廣告法》) (the “**Advertising Law**”), which was lastly amended on April 29, 2021. According to the Advertising Law, advertisements shall not have any false or misleading content or defraud or mislead consumers. An advertiser shall be responsible for the veracity of contents of advertisement. Where a false advertisement is published, the market regulatory department shall order cessation of publishing the advertisement, order the advertiser to eliminate adverse effects within the corresponding extent, and impose a fine. Where a false advertisement has caused any damage to the lawful rights and interests of consumers who purchase goods or receive services, the advertiser shall assume civil liability in accordance with the law.

According to the Measures for the Administration of Internet Advertisements (《互聯網廣告管理辦法》) promulgated by the SAMR on February 25, 2023 and effective from May 1, 2023. Internet advertisements should be identifiable so that consumers can recognize them as advertisements. Except in cases where laws or administrative regulations prohibit the publishing or publishing in a disguised manner of advertisements, advertisers who promote goods or services through introducing knowledge, sharing experiences, consumer review and other means and attach shopping links or other purchasing methods shall conspicuously mark “advertisement”.

Regulations on Franchised Commercial Operation

Franchised operation is subject to the supervision and administration of the MOFCOM and its local competent commercial departments. These activities are currently regulated by the Regulations on the Administration of Commercial Franchised Operation (《商業特許經營管理條例》) promulgated by the State Council on February 6, 2007 and effective on May 1, 2007, which was supplemented by the Administrative Measures for the Record-filing of Commercial Franchises (《商業特許經營備案管理辦法》) promulgated by the MOFCOM on December 12, 2011 and amended on December 29, 2023 and the Administrative Measures for the Information Disclosure of Commercial Franchise (《商業特許經營信息披露管理辦法》) promulgated by the MOFCOM on February 23, 2012 and effective on April 1, 2012. According to the above-mentioned applicable regulations, franchisers may engage in franchised operation activities on conditions that they shall have a mature operation model and be capable of providing continuous operation guidance, technical support, training services and other service support for franchisees, as well as owning at least two direct-sale stores in China with the operation period being more than one year. Where franchisers fail to conduct franchised activities in accordance with the above provisions, punishment may be imposed, such as confiscating the illegal proceeds and imposing a fine of above RMB100,000 but less than RMB500,000, and an announcement will be made by the MOFCOM or the local competent department of commerce. The franchise contract shall specify certain necessary provisions concerning terms, the right to terminate and payment.

Franchisers shall submit the business license, a draft of the franchise contract and other documents to the provincial competent commercial department where they are registered within 15 days from the date of the initial signing of the franchise contract with franchisees within China. Where a franchiser engages in franchised activities within the scope of two or more provincial areas, it shall file with the MOFCOM. Filing shall be performed by the franchisers complying with the above applicable regulations through the information management system for commerce

REGULATORY OVERVIEW

franchises established by the MOFCOM. In addition, franchisers shall file with the commercial department concerning the execution, cancellation, termination and renewal of franchise agreements in the preceding year before March 31 of every year.

In case of any changes to franchisers’ filing information, such changes shall also be filed with the relevant commercial department after occurrence. Where franchisers fail to file in accordance with such regulations, relevant commercial departments may order the franchiser to file within a stipulated period and impose a fine of more than RMB10,000 but less than RMB50,000. Failure to file within the stipulated period may render a fine of more than RMB50,000 but less than RMB100,000, and a public announcement.

LAWS AND REGULATIONS RELATING TO CYBERSECURITY, DATA SECURITY AND PROTECTION OF PERSONAL INFORMATION

Regulations Relating to Cybersecurity and Data Security

The PRC government has enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure. The PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which was promulgated by the NPCSC on November 7, 2016 and took into effect on June 1, 2017, as revised on October 28, 2025 with the amendments becoming effective on January 1, 2026, requires network operators, including internet information services providers among others, to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. The PRC Cybersecurity Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cybersecurity incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Any violation of the provisions and requirements under the PRC Cybersecurity Law may subject an internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

The PRC Data Security Law (《中華人民共和國數據安全法》) was promulgated by the NPCSC on June 10, 2021 and became effective on September 1, 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information. Violations of the PRC Data Security Law may subject the relevant entities or individuals to warning, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even criminal liabilities. According to the PRC Data Security Law, the maximum monetary fine imposed on the breaching party is RMB10 million.

On December 28, 2021, the CAC jointly with other governmental authorities, published the Measures for Cybersecurity Review (《網絡安全審查辦法》), which came into effect on February 15, 2022 simultaneously repealing the Measures for Cybersecurity Review implemented on June 1, 2020. The Measures for Cybersecurity Review has inserted the procedures for additional oversight of “foreign listing” in relation to cybersecurity. Online platform operators that possess the personal data of more than one million users must apply for a cybersecurity review, if they plan listing of companies in foreign countries. In addition, the Measures for Cybersecurity Review specifies that the procurement of network products and services by operator of critical information infrastructure and the activities of data process carried out by online platform operator that raise or may raise “national security” concerns are subject to strict cybersecurity review. Pursuant to the Measures for Cybersecurity Review, any violation shall be punished in accordance with the PRC Cybersecurity Law and the PRC Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations.

REGULATORY OVERVIEW

On September 24, 2024, the Regulations on Network Data Security Administration (《網絡數據安全管理條例》) was issued by the State Council, which took effect on January 1, 2025 and provides that, network data handlers shall, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, and on the basis of classified protection of cyber security, strengthen the protection of network data security, establish and perfect the system of network data security management, take technical measures to protect network data, and prevent illegal and criminal activities aiming at and using network data.

Regulations Relating to Protection of Personal Information

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

On August 20, 2021, the NPCSC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which took effect on November 1, 2021. The PRC Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual’s consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect natural persons’ life, health and property safety under emergency circumstances; (v) the personal information that has legally been made public by the relevant individual or otherwise is processed within a reasonable scope; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. No organization or individual may illegally collect, use, process or transmit personal information, illegally buy or sell, provide or make personal information public, or engage in the processing of personal information that endangers the national security or public interests. In terms of cross-border transmission of personal information, pursuant to the PRC Personal Information Protection Law, a personal information processor, providing personal information to any party outside the territory of Chinese mainland, shall notify individuals of the overseas recipient’s identity, contact information, processing purposes, processing methods, categories of personal information, the methods in which individuals exercise the rights over the overseas recipient, and other matters, and obtain individuals’ separate consent. Furthermore, critical information infrastructure operators and the personal information processors that process the personal information reaching or exceeding the threshold specified by the national cyberspace administration in terms of quantity shall store domestically the personal information collected and generated within the territory of Chinese mainland. Where it is truly necessary to provide the information abroad, the security assessment organized by the national cyberspace administration shall be passed, unless otherwise regulated by laws, administrative regulations, or provisions issued by the national cyberspace administrative authorities. On the other hand, personal information processors shall themselves, on the basis of the purposes of the processing of personal information, processing methods, categories of personal information, the impacts on individuals, and potential security risks, among others, take necessary measures to ensure that personal information processing activities comply with the provisions of laws and administrative regulations, and prevent unauthorized access to as well as the leakage, tampering or loss of personal information.

The Regulations on Network Data Security Administration also provide provisions for data processing activities carried out through networks, including but not limited to the formulating of rules for handling personal information, the general requirements on processing personal information and accepting individual requests regarding personal information.

REGULATORY OVERVIEW

LAWS AND REGULATIONS IN RELATION TO IMPORT AND EXPORT OF GOODS

According to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002 and was last amended on March 10, 2024, with the latest amendment being effective on May 1, 2024, the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the NPCSC on May 12, 1994 which came into effect on July 1, 1994 and last amended on December 27, 2025 with the amendments becoming effective on March 1, 2026, the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the NPCSC on January 22, 1987 which came into effect on July 1, 1987 and last amended on April 29, 2021, the Measures for Record Filing and Registration by Foreign Trade Dealer (《對外貿易經營者備案登記辦法》) promulgated by the MOFCOM on June 25, 2004, which came into effect on July 1, 2004 and last amended on May 10, 2021 and the Administrative Provisions of the Customs of the People’s Republic of China on Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021 which came into effect on January 1, 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM. Unless otherwise provided, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers. Customs declaration entities may conduct customs declaration business within the customs territory of Chinese mainland.

LAWS AND REGULATIONS ON FIRE PREVENTION

According to the Fire Prevention Law of the People’s Republic of China (《中華人民共和國消防法》) (the “**Fire Prevention Law**”) promulgated by the NPCSC on April 29, 1998 and latest amended on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020 and latest amended on August 21, 2023, special construction projects that fail to undergo or pass the fire protection acceptance check are prohibited from being put into use. Construction projects other than special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be suspended from use. Any special construction projects put into use without passing the fire protection acceptance check, or failure to suspend the use of any construction projects other than special construction projects which fail to pass the random inspection on fire safety acceptance, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000. Any constructing entity fails to go through the fire safety acceptance filing for any construction projects other than special construction projects shall be ordered to make corrections and imposed a fine of not more than RMB5,000 by the competent housing and urban-rural development authorities. Pursuant to the Fire Prevention Law, the constructing entity or the entity occupying the facility shall apply to the fire prevention and rescue department of the local people’s government at or above the county level for a fire safety inspection before a public gathering place is put into use or opens for business. Any public gathering place put into use or operated without passing the fire safety inspection or without satisfying the fire safety requirements, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the NPCSC on December 26, 1989 and implemented on the same date, and subsequently revised on April 24, 2014, enterprises, public institutions and other producers and operators shall prevent and reduce environmental pollution and ecological damage, and shall take the liabilities for the damages caused according to the laws. The state adopts the pollution discharge permit management system. Enterprises, public institutions and other producers and operators which

REGULATORY OVERVIEW

are subject to the pollution discharge permit management shall discharge pollutants according to the requirements of the pollution discharge permit; and those that fail to obtain the pollution discharge permit shall not discharge pollutants.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the NPCSC on October 28, 2002 and implemented on September 1, 2003, and last revised on December 29, 2018, and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998 and implemented on the same date, and subsequently revised on July 16, 2017, the state implements a system to assess the environmental impact of construction projects. If the construction project may result in a material impact on the environment, a thorough environmental impact report on the potential environmental impact is required; if the construction project may result in only slight impact on the environment, an environmental impact statement of analyzing or special evaluation will be required; if the construction project may only result in very little impact on the environment and no environmental impact appraisal is required, a registration form of environmental impact shall be filed. Construction projects without undergoing assessment for environmental impact according to the laws cannot commence construction. After the completion of the construction projects for which environmental impact report and environmental impact statement was prepared, a construction unit shall, according to the standards and procedures formulated by the competent administrative department for environment protection under the State Council, conduct inspection and acceptance of supplementary environment protection facilities, and prepare inspection and acceptance report. No supplementary facilities of such projects may be put into production or use until such facilities pass inspection and acceptance; no supplementary facilities that failed to undergo or pass the inspection and acceptance procedure may be put into production or use. If an enterprise violates the provisions of the aforesaid laws and regulations, the environmental protection administrative departments at the county level or above may order it to stop production or construction, impose a fine and order it to conduct rehabilitation; if the violation constitutes a crime, the enterprise may be held criminally liable according to law.

LAWS AND REGULATIONS RELATING TO TAXATION

Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, promulgated by the NPCSC on March 16, 2007 and implemented on January 1, 2008 and last revised on December 29, 2018 and the Implementation Rules of the EIT Law (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007 and came into effect on January 1, 2008 and revised on April 23, 2019 and December 6, 2024, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country or region but with an actual management entity within Chinese mainland shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside Chinese mainland. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. Key high-tech enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Value-Added Tax

On December 25, 2024, the NPCSC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), or the VAT Law, coming into effect and repealing the Interim Regulations of the PRC on Value-added Tax on January 1, 2026. Under the VAT Law, the VAT rate, for selling goods, providing processing, repair and replacement services and tangible movables leasing services or importing goods will be 13%, for selling transport services, postal services, basic telecommunications, buildings, real property, or real property leasing services, transferring land use rights, or selling or importing certain goods specified in the VAT Law will be 9%, for selling services or intangible assets will be 6%, and for exporting goods will be 0%, and the levy rate of VAT to which the simple tax computation method applies is 3%. On December 25, 2025, the State Council promulgated the Regulations for the Implementation of the Value-added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》) effective on January 1, 2026.

REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Pursuant to the Regulations of the People’s Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on August 5, 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued and implemented by the SAFE on June 9, 2016 and the Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated by the SAFE on December 4, 2023, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. For foreign exchange funds raised from overseas listing of a domestic enterprise, such funds may be directly remitted to the settlement account under the capital account and be settled and used on its own.

On December 24, 2025, the PBOC and the SAFE jointly promulgated the Notice on Issues Concerning the Administration of Funds Raised by Domestic Enterprises Listed Overseas (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) coming effective on April 1, 2026, under which, a domestic enterprise that conducts an overseas listing shall, within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment option, apply to a bank within the province or the separately-listed municipality where it is registered for overseas listing registration. In principle, funds raised by domestic enterprises through overseas listings shall be remitted back to Chinese mainland in a timely manner, and where such funds are retained overseas for the conduct of overseas direct investment, overseas securities investment, overseas lending and other businesses, the domestic enterprise shall obtain the approval or filing registration from the relevant competent authorities before the date of completion of the overseas issuance or the over-allotment option, and shall comply with relevant cross-border funds administration provisions. The use of proceeds raised through an overseas listing shall be consistent with the relevant publicly disclosed documents, such as the document or resolutions of the board of directors or shareholders’ meetings.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the NPCSC on July 5, 1994, came into effect on January 1, 1995 and last revised on December 29, 2018, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007, revised on December 28, 2012 and came into effect on July 1, 2013, written labor contracts shall be executed between an entity and its employees if an employment relationship is established. Employers are required to inform their employees about their job responsibilities, working conditions, occupational hazards, remuneration and other matters with which the employees may be concerned. Employers shall pay remuneration to employees on time and in full in accordance with the commitments set forth in their employment contracts and the relevant PRC laws and regulations.

REGULATORY OVERVIEW

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the NPCSC on October 28, 2010, came into effect on July 1, 2011 and last revised on December 29, 2018, the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was implemented on January 22, 1999 and revised on March 24, 2019, the Trial Measures for Enterprise Staff Maternity Insurance (《企業職工生育保險試行辦法》), which was implemented on January 1, 1995, the Regulations on Work-Related Injury Insurance (《工傷保險條例》), which was implemented on January 1, 2004, amended on December 20, 2010 and came into effect on January 1, 2011, and the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》), which was promulgated on April 3, 1999 and last revised on March 24, 2019, employers in Chinese mainland shall provide their employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing provident fund. Employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the amount in arrears. With respect to employers who violate the above regulations and fail to complete housing provident fund contribution registration or open housing provident fund accounts for their employees, such employers shall be ordered by the competent managing center of housing provident funds to complete such procedures within prescribed period. Those who fail to complete such procedures within the prescribed period shall be subject to a fine from RMB10,000 to RMB50,000. For overdue or underpayment of housing provident fund in violation of the provisions of such regulations, the managing center of housing provident funds shall order relevant employers to make contribution within prescribed period, failing which an application may be made to a people’s court for compulsory enforcement.

According to the Interpretation II by the Supreme People’s Court on Legal Issues 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)》) promulgated by the Supreme People’s Court of the PRC on July 31, 2025 and effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people’s court shall determine that such agreement or promise is invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item (3) of Article 38 of the Labor Contract Law of the PRC, the people’s court shall uphold such claim.

LAWS AND REGULATIONS ON REAL PROPERTY

State-Owned Land Use Rights

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) issued by the NPCSC on June 25, 1986 and implemented on January 1, 1987, and last amended on August 26, 2019 and implemented on January 1, 2020, the Rules for Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) last revised on July 2, 2021 by the State Council and implemented on September 1, 2021, and the Provisional Regulations of the People’s Republic of China Concerning the Grant and Transfer of the Right to Use State Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) issued by the State Council on May 19, 1990 and implemented on the same date, and last amended on November 29, 2020 and implemented on the same date, except for assignment by the state under the law as state-owned land use rights, the state implements a system of compensated use of state-owned land in accordance with the law. The methods of compensated use of state-owned land mainly include transfer of state-owned land use rights, leasing of state-owned land, and using state-owned land use rights as a way of capital contribution or investment in exchange for equity. Transfer of land use rights can be conducted by means of agreement, tender, and auction. Transfer of land use rights requires the signing of a land use right transfer contract and payment of land premium.

REGULATORY OVERVIEW

Real Estate Leasing

According to the Civil Code which became effective on January 1, 2021, 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.

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 the execution of the property lease agreement 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, 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. On July 16, 2025, the State Council promulgated the Regulation on Housing Leasing (《住房租賃條例》) effective as of September 15, 2025, under which the lessor shall file the housing lease contract with the relevant real estate authority through the housing lease administration service platform or by other means and where the lessor fails to file the housing lease contract, the lessee may file such contract with the relevant real estate authority.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the NPCSC on March 12, 1984 and implemented on April 1, 1985, and last revised on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on June 15, 2001, implemented on July 1, 2001 and last amended on December 11, 2023, with the latest amendment being effective on January 20, 2024, patents in Chinese mainland are divided into invention patent, utility patent and design patent. Invention patent shall be valid for 20 years from the date of application, while utility patent shall be valid for 10 years and design patent shall be valid for 15 years from the date of application respectively. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》), or the Trademark Law, was promulgated by the NPCSC on August 23, 1982 and became effective on March 1, 1983 and last revised on April 23, 2019 and implemented on November 1, 2019 and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on August 3, 2002 and implemented on September 15, 2002, and amended on April 29, 2014, a trademark registered by the Trademark Office of China National Intellectual Property Administration is a registered trademark, including the commodity trademark, service trademark, collective trademark and certification trademark. The valid period of a registered trademark shall be 10 years, commencing from the date of approval of the registration. The trademark registrant shall apply for renewal within 12 months before the expiry date for further use of the registered trademark. The valid period for each renewal of registration is 10 years, counted from the next day of the expiration day of the last term.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), or the Copyright Law, promulgated by the NPCSC on September 7, 1990 and implemented on June 1, 1991, and last revised on November 11, 2020 and came into effect on June 1, 2021, Chinese citizens, legal

REGULATORY OVERVIEW

persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

Pursuant to 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 the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and administration of software copyright in Chinese mainland and recognizes the China Copyright Protection Centre as the software registration organization. The China Copyright Protection Centre shall grant certificates of registration to computer software copyright applicants in compliance with the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) which was promulgated by the Ministry of Industry and Information Technology of the PRC on August 24, 2017 and came into effect on November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “**Securities Law**”), which was promulgated by the NPCSC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the Chinese mainland 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 China Securities Regulatory Commission, or 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 Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), or the Overseas Listing Trial Measures, together with several supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the “**Overseas Listing Regulations**”). Under the Overseas Listing Regulations, Chinese mainland 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

REGULATORY OVERVIEW

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.

As advised by our PRC Legal Advisor, under the Overseas Listing Trial Measures and the relevant guidelines, we are required to file with the CSRC in connection with the [REDACTED], as a direct [REDACTED], within three business days after submitting the application for the [REDACTED]. We submitted a filing application to the CSRC on April 30, 2025 with respect to the submission of the application for the [REDACTED] and the conversion of domestic unlisted shares into H Shares.

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》), under which, 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 Chinese mainland 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 Chinese mainland. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.