OVERVIEW OF KEY PRC LAWS, REGULATIONS AND SUPERVISION RELEVANT TO OUR BUSINESS

This section provides an overview of the principal PRC laws and regulations that are relevant to our business and industry.

Principal Regulatory Authorities

The fiberglass industry in the PRC operates under a system combining government supervision with association self-regulation. The competent authorities are the National Development and Reform Commission ("**NDRC**") and Ministry of Industry and Information Technology ("**MIIT**"), while the self-regulatory bodies include the China Fiberglass Industry Association ("**CFIA**") and the China Composites Industry Association ("**CCIA**").

NDRC is responsible for macro-level development strategies and planning, guiding the formulation of technical regulations and standards, and promoting technological progress and industrial structural adjustment.

MIIT is responsible for implementing industry plans, proposing layout optimizations, formulating industry access policies and technical specifications, guiding quality management, and monitoring daily operations.

CFIA and CCIA serve as a bridge between government and enterprises to assist in policy formulation and reflect industry demands; lead self-regulation, promote the application of new products and processes, and facilitate international cooperation.

Strategic and Development Planning for the Fiberglass Industry

Pursuant to the *Guidance on Current Priority Development of Key Hi-tech Industrialization Sectors (2011)*《當前優先發展的高技術產業化重點領域指南(2011年度)》), jointly promulgated by the NDRC, the MIIT and other three sections, on June 23, 2011 and effective on the same day. This guidance explicitly included "E-glass fiber and low-cost, high-performance, special-purpose fiberglass and products thereof" within the scope of key areas of high-tech industrialization under prioritized development at present.

Pursuant to the *12th Five-Year Development Plan for the New Material Industry* (《新材料產業「十二五」發展規劃》) promulgated and implemented by the MIIT on January 4, 2012, the plan explicitly proposed the active development of high-strength, low-dielectric, high-silica, alkali-resistant and other high-performance glass fibers and products thereof.

The *Notice of the State Council on Promulgating the "Made in China 2025" Plan* (《國務院關於印發〈中國製造2025〉的通知》) was promulgated by the State Council on May 8, 2015 and came into effect on the same date, which emphasizes the vigorous development of composite materials. It calls for accelerating the research and development of key preparation technologies and equipment for new materials, strengthening basic research and system construction, and achieving breakthroughs in the technical bottlenecks of industrialization.

Pursuant to the *13th Five-Year Development Plan for the Fiber Composite Material Industry* (《纖維復合材料行業「十三五」發展規劃》) promulgated by the CFIA and the CCIA on March 4, 2016, the plan identified the active expansion of the application fields and market scale of fiber-reinforced composite materials as a key development priority.

Pursuant to the *Classification of Strategic Emerging Industries (2018)* (《戰略性新興產業分類(2018)》) promulgated by the National Bureau of Statistics on November 7, 2018, fiberglass and its products manufacturing are formally categorized as a strategic emerging industry.

Pursuant to the *14th Five-Year Development Plan for the Fiberglass Industry* (《玻璃纖維行業「十四五」發展規劃》) promulgated by the CFIA in August 2021, the plan emphasizes the continuous optimization of fiberglass product structures and the ongoing improvement of production processes and equipment for various high-performance and specialty glass fibers, including high-strength, high-modulus, superfine featuring a filament diameter of 6μm or less, low-dielectric, high-silica, alkali-resistant, and corrosion-resistant types. Furthermore, the plan aims to diversify the series of fiberglass products and further broaden their application fields.

Industry Regulations and Guidance Catalog for the Fiberglass Industry

Pursuant to the *Standard Conditions for the Fiberglass Industry* (《玻璃纖維行業規範條件》) promulgated and implemented on June 24, 2020, the MIIT encourages fiberglass enterprises to relocate to regions with advantages in energy, resources, or markets. Furthermore, the *Standard Conditions* mandate the thorough phase-out of clay crucible fiberglass drawing processes and equipment, while advocating for the development of high-performance and specialty glass fibers, such as high-strength, high-modulus, alkali-resistant, low-dielectric, high-silica, degradable, irregular cross-section, and composite fibers, which composites of fiberglass and thermoplastic resin.

Pursuant to the *Guiding Catalogue for the First Batch Application Demonstration of Key New Materials (2024 Edition)* (《重點新材料首批次應用示範指導目錄(2024年版)》) promulgated and implemented by the MIIT on December 18, 2023, several glass fiber products were included in the catalogue for prioritized application and demonstration. These specifically include electronic-grade low-dielectric glass fiber and products thereof, glass fiber and products featuring low thermal expansion coefficients, ultra-thin electronic fabric, as well as glass fiber reinforced composite products designed for photovoltaic applications.

Pursuant to the *Guiding Catalogue for Industrial Structure Adjustment (2024 Edition)* (《產業結構調整指導目錄(2024年本)》) promulgated by the NDRC on December 27, 2023 and effective from February 1, 2024, the following are classified under Category I (the Encouraged Category), the furnace-drawn production technology for E-glass fiber yarn with an annual capacity of 50,000 tons or more featuring a filament diameter of 9μm or less, as well as the development and production of various high-performance and specialty glass fibers, including superfine fibers with a filament diameter of 5μm or less, along with high-strength, high-modulus, alkali-resistant, low-dielectric, low-expansion, high-silica, degradable, irregular cross-section, body-colored, and organic fiber composite varieties. Concurrently, the catalogue mandates the phase-out of fiberglass drawing processes and equipment utilizing clay crucibles, ceramic crucibles, or other non-platinum crucibles.

Pursuant to the *Safety Specification for Glass Fiber Production* (《玻璃纖維生產安全規範》) promulgated by the Ministry of Emergency Management of the PRC on November 14, 2025 and effective from June 1, 2026, the standard stipulates the safety technical requirements and management measures for the production process, equipment and facilities, and operational safety throughout the manufacturing of glass fiber.

Imports and foreign investment

Pursuant to the *Catalog of Technologies and Products Encouraged for Import (2016 Edition)* (《鼓勵進口技術和產品目錄(2016年版)》) jointly promulgated and implemented by the NDRC, the Ministry of Finance of the PRC (MOF) and the Ministry of Commerce of the PRC ("MOFCOM") on September 9, 2016, the "technological development and production of E-glass fiber furnace-drawn wire with an annual output of 50,000 tons or more, and high-performance fiberglass and products thereof" were identified as a key industry for encouraged development.

Pursuant to the *Catalogue of Encouraged Industries for Foreign Investment (2022 Edition)* (《鼓勵外商投資產業目錄(2022年版)》) jointly promulgated by the NDRC and the MOFCOM on October 26, 2022 and effective from January 1, 2023, as further updated in the *2025 Edition,* the PRC government continues to encourage the production of specialty glass fibers and related products. Such encouraged areas specifically include superfine fiberglass featuring a filament diameter of 5μm or less, as well as degradable, irregular cross-section, alkali-resistant, low-dielectric, quartz, high-silica, and high-strength and high-elasticity glass fibers, along with ceramic fibers and products thereof.

OTHER LAWS AND REGULATIONS

This section provides an overview of the PRC laws and regulations that have a significant impact on the daily operations of our Company.

Regulations Relating to Intellectual Property

Patent

According to the *Patent Law of the PRC* (《中華人民共和國專利法》) promulgated by the Standing Committee of the National People's Congress ("**SCNPC**") and most recently amended on October 17, 2020, which became effective on June 1, 2021, as well as the *Implementation Rules for the Patent Law of the PRC* (《中華人民共和國專利法實施細則》), there are three types of patents, including "invention", "utility model" and "design". The validity period of a patent for inventions is 20 years, for utility models is 10 years, and for designs is 15 years, in each case starting from the date of application. The PRC patent system adopts a "first come, first file" principle, which means that where two or more persons file a patent application for the same invention, a patent will be granted to the person who applies first.

Trademark

According to the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated by the SCNPC and most recently amended on April 23, 2019, which became effective 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》), the laws and regulations prescribe the processes of registration, de-registration, renewal, alteration, transfer and invalidation of a trademark. According to the aforesaid legislations, the registration of a trademark shall be valid for ten years from the date of approval. If there is a continuous need for the use of the trademark, a renewal process shall be initiated within 12 months before the expiry of the registration. If the renewal process is not initiated within the stipulated period, a grace period of six months may be granted for the filing of the renewal application. Each renewal of trademark registration shall be valid for ten years from the date of expiry of the previous registration.

Domain Name

According to the *Administrative Measures on Internet Domain Names* (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017, and effective on November 1, 2017, prior to the establishment of domain name root servers, domain name root server operation institutions, domain name registration management institutions, and domain name registration service institutions within the PRC, the corresponding permits shall be obtained from the MIIT or its local counterparts.

Regulations Relating to PRC Tax

Income Tax Law

According to the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) promulgated by the National People's Congress on March 16, 2007, and most recently amended on December 29, 2018, effective from the same date, and the *Implementation Regulations for the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024, effective on January 20, 2025, enterprises are categorized as resident enterprises and non-resident enterprises. Resident enterprises are subject to a unified enterprise income tax (EIT) rate of 25% on their worldwide income. Qualifying small and low-profit enterprises enjoy a 20% reduced tax rate, while high-tech enterprises receiving key state support enjoy a 15% preferential EIT rate.

The *Circular of the SAT on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Share Shareholders of Overseas Non-resident Enterprises* (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued on November 6, 2008, further clarifies that Chinese resident enterprises shall withhold EIT at 10% on dividends paid to H-shareholders who are overseas non-resident enterprises. After receiving dividends, such non-resident shareholders may apply for tax treaty benefits, and upon verification by competent tax authorities, the excess amount of tax paid shall be refunded according to the applicable treaty rate.

Value-added Tax

Pursuant to the *Provisional Regulations on Value-added Tax of the PRC* (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and most recently amended on November 19, 2017 effective from the same date, and the *Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax* (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF and most recently amended on October 28, 2011, and effective from November 1, 2011, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services, sales of intangible assets, real estate and importation of goods are required to pay value-added tax (VAT). Through the value-added tax reform in China, value-added tax rates have undergone multiple adjustments and value-added tax are regulated by the *Value-Added Tax Law of the PRC* (《中華人民共和國增值稅法》), which was implemented in January 2026.

Regulations Relating to Cybersecurity, Privacy Protection and Data Security

On July 1, 2015, the SCNPC promulgated the *National Security Law of the PRC* (《中華人民共和國國家安全法》), effective on the same date. It provides that the State shall build an internet and information security protection system, enhance information security capability, and ensure the controllable security of key internet technologies, critical infrastructure, and important data. It further establishes a national security review and supervision mechanism for foreign investment, key technologies, and internet information-related products and services that may affect national security.

On October 28, 2025, the SCNPC promulgated the *Cybersecurity Law of the PRC (2025 Revision)* (《中華人民共和國網絡安全法(2025修訂)》), which became effective on January 1, 2026. It defines "networks" as systems composed of computers or other information terminals and related equipment that follow certain rules and procedures for information collection, storage, transmission, exchange, and processing, and "network operators" as network owners, administrators, or network service providers. Network operators are required to: (i) comply with tiered cybersecurity protection obligations, including establishing internal management systems, appointing cybersecurity officers, adopting technical measures against cyber risks, and maintaining logs of network operations; (ii) establish emergency response plans and report cybersecurity incidents to authorities; and (iii) provide technical assistance to public security and national security authorities in accordance with the law. Non-compliance may lead to warnings, fines, suspension of operations, or revocation of business licenses.

On June 10, 2021, the SCNPC promulgated the *Data Security Law of the PRC* (《中華人民共和國數據安全法》), effective on September 1, 2021. It imposes data security and privacy protection obligations on data processors, establishes a data classification and layered protection system based on the importance and sensitivity of data, and requires corresponding protection measures. Violations may result in orders to rectify, warnings, fines, suspension of business, revocation of licenses, and individual liability.

On July 30, 2021, the State Council promulgated the *Regulations on the Security Protection of Critical Information Infrastructure* (《關鍵信息基礎設施安全保護條例》), effective on September 1, 2021. These regulations define "critical information infrastructure" as key network facilities and information systems in important industries such as public communications and information services, where damage, functional loss, or data leakage may endanger national security, the economy, or public interest. Industry regulators are responsible for identifying such infrastructures and notifying both operators and public security authorities of the results.

On December 28, 2021, the *Cybersecurity Review Measures* (《網絡安全審查辦法》) were jointly promulgated by the CAC and 12 other authorities, effective from February 15, 2022. Under these measures, purchases of network products and services by critical information infrastructure operators or data processing activities of network platform operators that affect or may affect national security are subject to cybersecurity review. Network platform operators holding personal information of over one million users must apply for cybersecurity review before listing abroad.

The *Civil Code of the PRC* (《中華人民共和國民法典》) provides general protection for personal information and serves as the legal basis for privacy infringement claims. On August 20, 2021, the SCNPC promulgated the *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》), effective on November 1, 2021. It defines personal information, specifies processing principles and cross-border transfer requirements, and clarifies data subject rights and data processor obligations, including notification, consent, internal management systems, and conducting personal information protection impact assessments.

On September 24, 2024, the State Council promulgated the *Regulations on the Security Management of Network Data* (《網絡數據安全管理條例》), effective from January 1, 2025. These regulations provide implementation rules under the existing data protection framework established by the *Cybersecurity Law*, *Data Security Law*, and *Personal Information Protection Law*, detailing compliance requirements for data classification, important data processors, and cross-border data transfer mechanisms.

Furthermore, on December 8, 2022, the MIIT promulgated the *Administrative Measures for Data Security in Industry and Information Technology Sectors (for Trial Implementation)* (《工業和信息化領域數據安全管理辦法(試行)》), effective from January 1, 2023. These measures apply to industrial, telecommunications, and radio data (commonly known as "industry and IT data"), which are categorized into ordinary, important, and core data based on the degree of potential harm to national security, public interests, or individual rights. Processors of important or core data are subject to filing and reporting obligations and must establish comprehensive data security management systems, designate responsible personnel, manage authorization, and conduct emergency drills and training.

Regulations Relating to Land Grants

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

Regulations Relating to Foreign Investment

The National People's Congress ("**NPC**") promulgated the *PRC Foreign Investment Law* (《中華人民共和國外商投資法》) on March 15, 2019, which became effective on January 1, 2020, and sets out the definition of foreign investment and the framework for the promotion, protection and administration of foreign investment activities.

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation jointly promulgated the *Measures for Reporting of Information on Foreign Investment* (《外商投資信息報告辦法》), which became effective on January 1, 2020. According to those measures, the relevant participants in the establishment of foreign-invested enterprises, in the process of purchasing the equities of a domestic enterprise by a foreign investor, and in the process of the subscription of the increased registered capital of a domestic enterprise by a foreign investor are required to submit an initial report in a dedicated registration system. In addition, the relevant participants in subsequent changes to important matters of the aforementioned enterprises, such as their shareholding structures, are required to submit a change report through the same registration system.

Investment activities in the PRC by foreign investors are principally governed by the *Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Version)* (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the *Negative List*. The *Negative List*, which became effective on November 1, 2024, sets out special administrative measures in respect of the access of foreign investments in a centralized manner. Foreign investors shall not invest in any field prohibited by the *Negative List* and shall meet the investment conditions stipulated for any field restricted by the *Negative List*, while for foreign investments outside the *Negative List*, it shall be administered under the principle of equal treatment to domestic and foreign investment.

Regulations relating to Customs Declaration

According to the *Customs Law of the PRC* (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987, and subsequently amended on April 29, 2021, effective from the same date, the General Administration of Customs (the "**Customs**") of the PRC is vested with the authority for the supervision and administration of entry and exit points. Under the framework of pertinent laws and administrative regulations, the Customs Law exercises its jurisdiction over various aspects, including the inspection and regulation of vehicles, goods, luggage, postal articles and other items entering and departing the country. This mandate encompasses the assessment and collection of customs duties, taxes and fees, as well as the prevention and detection of smuggling activities, compilation of customs statistics and execution of related customs procedures.

Pursuant to the *Provisions of the Customs of the PRC on the Administration of Registration 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 (GACC) on November 19, 2021 and effective from January 1, 2022, "customs declaration entities" refer to the consignees or consignors of imported or exported goods or customs declaration enterprises officially registered at the Customs. An enterprise applying for registration shall obtain the market entity qualification. The registration of customs declaration entities shall remain valid indefinitely, while a temporary registration is valid for one year and may be renewed upon expiration.

Regulations Relating to Labor Contract, Social Insurance and Housing Provident Fund

Labor Contract

According to (i) *the Labor Law of the PRC* (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, and most recently amended on December 29, 2018, (ii) *the Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, most recently amended on December 28, 2012 and became effective on July 1, 2013, and (iii) *the Implementation Regulations for the Labor Contract Law of the PRC* (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008, the employment relationship between employers and employees must be executed in written form, and a minimum wage guarantee system shall be implemented. The wages paid by the employers to the employees shall not be less than the minimum wage as determined by the local governments at the provincial level. In addition, employers must establish a sound labor safety and hygiene system, and the labor safety and hygiene facilities must meet the standards stipulated by relevant authorities.

Social Insurance and Housing Provident Fund

According to the *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and most recently amended on December 29, 2018, the *Administrative Regulations on Housing Provident Fund* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1994 and most recently amended on March 24, 2019, and the *Interim Regulations on the Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) promulgated by the State Council and most recently amended on March 24, 2019, an enterprise established within the PRC shall pay premiums for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance, and contribute to the housing provident fund for its employees at a rate stipulated by the relevant authorities.

Employers that fail to promptly pay social insurance premiums in full amount will be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day. If such payment is still not made within the stipulated period, a fine ranging from one to three times the amount in arrears will be imposed. Employers that fail to contribute to the housing provident fund in due time or contribute under the minimum amount will be ordered by the relevant housing provident fund management center to make the contribution within a stipulated period. If such contribution is still not made within the stipulated period, the relevant housing provident fund management center can file an application with a people's court for compulsory enforcement.

PRC Regulations on Product Liability

In addition to the industry-specific standards and regulatory requirements for the fiberglass industry, certain PRC laws have been promulgated to protect the rights of consumers and to strengthen the quality control of industrial products in the PRC.

According to the *Civil Code of the PRC* (《中華人民共和國民法典》), which was promulgated by the NPC in May 2020 and came into force in January 2021, the manufacturer or vendor of a defective product that causes property damage or physical injury to any person may be subject to civil liability for such damage or injury.

According to the *Product Quality Law of the PRC* (《中華人民共和國產品質量法》), or the *PRC Product Quality Law*, promulgated in February 1993 and amended in July 2000, August 2009 and December 2018, the legitimate rights and interests of consumers shall be strengthened. Manufacturers that produce defective products may be subject to civil or criminal liability and have their business licenses revoked.

The *Law of the PRC on the Protection of the Rights and Interests of Consumers* (《中華人民共和國消費者權益保護法》), or the *PRC Consumer Protection Law*, was promulgated in October 1993 and amended in August 2009 and October 2013 to protect consumers' rights when they purchase or use goods and services. Under this law, all business operators must comply when providing customers with the goods manufactured or sold by them and/or providing services to customers, and all business operators must protect customers' privacy and keep any consumer information obtained during business operations strictly confidential.

In addition, violations of the *PRC Consumer Protection Law* may result in indemnification liabilities and/or fines. In serious cases, the operator may be ordered to suspend operations, its business license may be revoked, and if the violation constitutes a crime, it shall be subject to criminal liability in accordance with the law.

Regulations Relating to Work Safety and Environmental Protection

Work Safety

Pursuant to the *Work Safety Law of the PRC* (《中華人民共和國安全生產法》), which was amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, all entities engaged in production and business operations within the PRC must comply with the *Work Safety Law* and other relevant laws and regulations on work safety. Production and business entities are required to strengthen work safety management, establish and improve the work safety responsibility system and related rules and regulations, enhance safety conditions, promote standardization of work safety, and improve the overall level of work safety to ensure safe production. The principal person in charge of a production or business entity shall bear overall responsibility for work safety of the entity. Violation of the *Work Safety Law* may result in penalties including fines, suspension of production or business operations for rectification, and, in serious cases, criminal liability.

Fire Safety

Pursuant to the *Fire Safety Law of the PRC* (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, amended on October 28, 2008, April 23, 2019 and April 29, 2021, and the *Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Projects* (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, amended on August 21, 2023 and became effective on October 30, 2023, the construction entity of a large-scale crowded venue (including a production and processing plant with a total floor area of over 2,500 square meters) and other special construction projects must apply for fire control design review with competent fire control authorities, and complete the inspection and acceptance procedures for fire control design review after the construction project is completed. The construction entity of other construction projects must complete the filing with the competent authorities responsible for the inspection and acceptance for fire control design review within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such construction project is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to orders to suspend the construction of projects, use of such projects, or operation of relevant business, and a fine.

Environmental Protection

Pursuant to the *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》), which was amended by the SCNPC on April 24, 2014 and came into effect on January 1, 2015, any entity engaged in business or other activities that discharge pollutants must take effective measures to prevent and mitigate environmental pollution, and properly control and handle the discharge of harmful substances such as waste gas, wastewater, solid waste, dust, odorous gases, radioactive materials, noise, vibration, and electromagnetic radiation. The State implements a pollutant discharge permit management system in accordance with the law.

Pursuant to the *Environmental Impact Assessment Law of the PRC* (《中華人民共和國環境影響評價法》), amended on December 29, 2018 and effective from the same date, the *Regulations on the Administration of Environmental Protection of Construction Projects* (《建設項目環境保護管理條例》), amended by the State Council on July 16, 2017 and effective on October 1, 2017, and the *Interim Measures for the Environmental Protection Acceptance of Completed Construction Projects* (《建設項目竣工環境保護驗收暫行辦法》), issued by the former Ministry of Environmental Protection on November 20, 2017, the PRC implements an environmental impact assessment system for construction projects. Construction entities shall, prior to commencement of the project, submit an environmental impact report or form for approval or file a registration form for recordation in accordance with applicable laws. After completion of a construction project, the supporting environmental protection facilities must pass acceptance inspection before being put into production or use.

Regulations Relating to Building Planning and Construction

Pursuant to the *Law of the People's Republic of China on Urban and Rural Planning (2019 version)* (《中華人民共和國城鄉規劃法(2019年修訂)》), promulgated by the SCNPC and most recently amended on April 23, 2019, which became effective on the same date, any construction of buildings or structures within a planning area must comply with the relevant urban and rural planning requirements and obtain necessary permits or approvals from the competent authorities.

Specifically, for temporary construction within urban or town planning areas, approval must be obtained from the urban and rural planning department of the local government at or above the county level. Such approval shall not be granted if the proposed temporary construction interferes with the implementation of short-term construction plans, regulatory detailed plans, or negatively affects transportation, city appearance, or public safety.

All temporary constructions must be dismantled by the owner within the approved duration of use. Failure to obtain the requisite approvals or to comply with planning regulations may subject the entity to administrative penalties, including orders to stop construction, demolition of unauthorized structures, or fines.

Regulations Relating to Foreign Exchange

The principal regulation governing foreign currency exchange in the PRC is the *Regulations on Foreign Exchange Administration of the PRC* (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and most recently amended on August 5, 2008. According to these regulations, international payments in foreign currencies and transfers of foreign currencies under current account shall not be subject to any state control or restriction. Foreign currency transactions under capital account, such as transactions incurred under direct investment or capital contribution, will be subject to restrictions and require approvals from, or registration with, the foreign exchange administrative authorities, i.e., the SAFE or its local counterparts.

The funds raised by domestic companies through overseas listings may be repatriated to China or deposited overseas, provided that the intended use of the funds shall be consistent with the contents of the relevant documents and other public disclosure documents. However, according to the Notice by the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Management of Funds for Domestic Enterprises Listing Abroad (《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》) (the "**New Notice Concerning the Management of Funds**"), promulgated by the PBOC and the SAFE on December 24, 2025 and effective from April 1, 2026, which will replace the *Notice Concerning the Management of Funds*, domestic enterprises conducting overseas listings shall, within 30 working days from the first trading day of the overseas listing or after completion of the over-allotment, apply for overseas listing registration at a bank within the province/municipality with independent planning status where they are registered. Funds raised by domestic enterprises through overseas listings shall, in principle, be repatriated to China in a timely manner. If such funds are retained overseas for purposes such as overseas direct investment, overseas securities investment, or overseas lending, approval or filing documents from the competent business authorities must be obtained before the completion of the listing or the over-allotment, and relevant cross-border fund management regulations must be complied with.

In December 2023, the SAFE issued the Notice on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**"), which removed the restriction on domestic equity investment by non-investment foreign-invested enterprises (FIEs) using their capital funds. It permits non-investment FIEs to conduct domestic equity investment with their capital funds in accordance with the law, provided that the investment project within the PRC is authentic and compliant, and does not violate the Negative List.

Furthermore, according to the Notice on Optimizing Foreign Exchange Management to Support the Development of Foreign-related Business issued on April 10, 2020 (《國家外匯管理局關於優化外匯管理支援涉外業務發展的通知》) (the "**SAFE Circular 8**") issued on April 10, 2020, provided that the use of funds is authentic and compliant with current regulations, eligible enterprises are permitted to use receipts under capital accounts (such as capital funds, foreign debt, and proceeds from overseas listings) for domestic payments without providing authenticity certification materials to the bank stroke by stroke beforehand. Local SAFE branches shall strengthen monitoring, analysis, and ongoing and ex-post supervision. Handling banks shall conduct ex-post sampling inspections in accordance with relevant regulations.

PRC Regulations on Overseas Listing

Securities Laws and Regulations

The *Securities Law of the People's Republic of China* (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, and maintain order in the market.

CSRC Filing Requirements for Overseas Offering and Listing

On February 17, 2023, the CSRC promulgated the *Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises* (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five supporting guidelines, which became effective on March 31, 2023. The *Overseas Listing Trial Measures* comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities, and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. Under the *Overseas Listing Trial Measures*, a domestic enterprise that submits an application for an initial public offering to the competent overseas regulatory authorities shall file with the CSRC within three working days after such submission.

Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provide that an overseas offering and listing is explicitly prohibited, if any of the following exists: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended overseas 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 shareholder(s) and the actual controller, have committed relevant 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 currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, 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(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

CSRC Requirements on Confidentiality and Archives Administration for Overseas Offering and Listing

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of China jointly released the revised *Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies* (《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》), or the *Archives Administration Provisions*, which came into effect on March 31, 2023. The *Archives Administration Provisions* shall apply to both (i) PRC domestic companies seeking direct listing on overseas stock exchanges and (ii) PRC domestic operating entities of a foreign company seeking listing on overseas stock exchanges that qualify as an "indirect listing" (above (i) and (ii) collectively, the "**Domestic Companies**").

According to the *Archives Administration Provisions*, the Domestic Companies shall establish and implement a sound confidentiality and archives administration system. If a Domestic Company decides to disclose any documents or materials containing state secrets, work secrets of governmental agencies, or any information that may be detrimental to national security or public interests, it shall complete the corresponding governmental approval procedures with competent authorities and complete the relevant filings with the secrecy administration at the same level for record purposes.

Where a domestic enterprise provides accounting archives or copies thereof to any other entities or persons (such as securities companies, securities service providers and overseas regulators), the *Archives Administration Provisions* stipulate that relevant governmental procedures should be followed.