
REGULATORY OVERVIEW

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets forth a summary of the most important significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

LAWS AND REGULATIONS ON CORPORATION

The PRC Company Law (《中華人民共和國公司法》) was last revised on December 29, 2023 by the Standing Committee of the National People’s Congress (the “SCNPC”), with the latest amendment of which coming 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 PRC Company Law includes 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.

LEGAL PROVISIONS AND POLICIES RELATED TO THE SMART LOGISTICS INDUSTRY

Pursuant to the 14th Five-Year Plan for the Development of Modern Logistics (《“十四五”現代物流發展規劃》), which was promulgated by the General Office of the State Council on May 17, 2022, supply chain collaboration shall be ensured to optimize the service chain and strengthen service functions. The intensive and efficient modern logistics service system shall be improved to support the upgrading of the modern industrial system, thereby facilitating the industry’s move towards the mid-to-high end of the global value chain. In addition, the smart transformation of logistics shall be promoted. Fifth-generation (5G) mobile communications, Beidou, mobile Internet, big data, artificial intelligence, and other technologies shall be deeply applied to promote the classified transformation and upgrading of logistics infrastructure. The construction of Internet of Things-related facilities shall be accelerated, and new logistics infrastructure, including smart logistics hubs, smart logistics parks, smart logistics bases, smart ports, and digital warehouses, shall be developed. The innovation of smart logistics technology and models shall be encouraged, and the commercialization of innovation achievements shall be promoted. Commercial application scenarios for smart logistics shall be expanded to advance the adoption of automated, unmanned, and intelligent logistics technologies and equipment, as well as smart management technologies, including automatic perception, automatic control, and intelligent decision-making. The construction of high-end standard warehouses and smart vertical storage facilities shall be accelerated, and the development and promotion of low-cost, modular, user-friendly, and easy-to-maintain smart equipment tailored for micro, small, and medium-sized enterprises shall be advanced.

Pursuant to Promoting the Deep Integration and Innovative Development of the Logistics Manufacturing Industry (《推動物流業製造業深度融合創新發展實施方案》) promulgated by the National Development and Reform Commission (NDRC) on August 22, 2020 and was implemented on the same day, it encourages manufacturing enterprises to carry out intelligent transformation of logistics, and promotes the application of new logistics technology and equipment, such as logistics robots, intelligent warehousing, and automatic sorting.

Pursuant to the Opinions of Further Promoting Logistics Cost Reduction and Efficiency Improvement to Promote the Development of the Real Economy (《關於進一步推進物流降本增效促進實體經濟發展的意見》) promulgated by the State Council’s General Office on August 17, 2017, and implemented on the same day, it highlights the importance of carrying out pilot demonstrations of intelligent warehousing, and in combination with the demonstration work of the national intelligent warehousing and logistics base, promote the application of advanced information technology and equipment, and accelerate the pace of intelligent development. What’s

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more, the opinions also explain that it is necessary to improve the efficiency of the State Council of warehousing, transportation, sorting, packaging and other operations and the level of warehousing management, and reduce the cost of warehousing management.

Pursuant to the New Generation Artificial Intelligence Development Plan (《新一代人工智慧發展規劃》) promulgated by the General Office of the State Council on July 8, 2017, and implemented on the same day, it proposes to strengthen the research and development, promotion and application of intelligent logistics equipment such as intelligent loading and unloading, sorting and packaging, processing and distribution.

LAWS AND REGULATIONS RELATING TO SMART LOGISTICS EQUIPMENT

In order to supervise and manage the logistics robot, the State Administration for Market Regulation and the Standardization Administration of the PRC promulgated the General Technical Specifications for Logistics Robot Information System (《物流機器人資訊系統通用技術規範》) on April 15, 2022, which was implemented on November 1, 2022, stipulating the design, construction and testing of the logistics robot information system. Meanwhile, the State Administration for Market Regulation and the Standardization Administration of the People's Republic of China promulgated the Technical Specification for the Interface of Logistics Robot Control System (《物流機器人控制系統接口技術規範》) on September 7, 2023, which was implemented on April 1, 2024, stipulating the design, development, inspection and so on of the logistics robot control system interface in the fields of warehousing, production line, transportation, manufacturing, etc.

In order to carry out stricter supervision, the State Administration for Market Regulation and the Standardization Administration of the PRC promulgated the General Technical Conditions for Automated Guided Vehicles (《自動導引車通用技術條件》) on April 15, 2022, which was implemented on November 1, 2022, stipulating the product classification, technical requirements, test methods, inspection rules and marking, packaging, transportation and storage of automated guided vehicles. Meanwhile, the State Administration for Market Regulation and the Standardization Administration of the People's Republic of China also promulgated the General Principles for the Design of Automated Guided Vehicles (《自動導引車設計通則》) on May 23, 2023, which was implemented on December 1, 2023, stipulating the composition and classification of automated guided vehicles, the conditions of use, the system design, and the design of automated guided vehicles.

Pursuant to Functional Safety Specification for Warehousing and Logistics Automation Systems (《倉儲物流自動化系統功能安全規範》) promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of PRC and the Standardization Administration of the PRC on August 29, 2016, and implemented on March 1, 2017, the general requirements for the functional safety of warehousing and logistics automation systems (hereinafter referred to as WAS) shall be specified according to the technical specifications of WAS, the methods for conducting WAS functional safety evaluation, and the measures to be taken to achieve WAS functional safety. This specification is used to deal with activities related to WAS functional safety, and is applied to the safety requirements of WAS in relation to the overall operation and functionality of the system, excluding the safety requirements of individual devices.

LAWS AND REGULATIONS RELATING TO SPECIAL EQUIPMENT

The Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》) (the "Special Equipment Safety Law") released by the SCNPC on June 29, 2013 and taking effect on January 1, 2014, regulates the production, operation and use of special equipment. Special equipment users shall, before or within 30 days after the special equipment is put into use, register with the department responsible for the safety supervision and management of special equipment and obtain the use registration certificate. The registration mark shall be placed in a conspicuous position on the special equipment.

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As a special equipment user, we have completed the usage registration with the department responsible for safety supervision and administration of special equipment in accordance with the Special Equipment Safety Law and obtained the usage registration certificate.

LAWS AND REGULATIONS ON PRODUCT LIABILITY

In accordance with the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “Product Quality Law”) which was promulgated by the SCNPC on February 22, 1993, with the latest amendment of which coming into effect on December 29, 2018, producers and sellers shall establish and improve internal product quality management systems, and strictly implement post quality standards, quality responsibility, and corresponding assessment methods. Any producer or seller who violates the Product Quality Law will be subject to (1) administrative penalties, including stopping production and sales, ordered correction of illegal acts, confiscating of products subject to illegal production or sale, imposition of fines, confiscation of illegal gains and, in severe cases, revocation of business license; and (2) criminal liabilities if the illegal activity constitutes a crime.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》), which was promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, where a defect of a product endangers the personal or property safety of another person, the infringed person has the right to request the manufacturer or seller of the product to bear tort liability in forms of cessation of the infringement, removal of the nuisance, elimination of the danger, or the like.

LAWS AND REGULATIONS ON PRODUCTION SAFETY

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the “Production Safety Law”), which was last revised on June 10, 2021 and came into force on September 1, 2021, a production and operation entity must comply with this Law and other laws and regulations related to work safety, strengthen work safety management, establish and improve a work safety responsibility system and work safety rules and systems for all employees, raise work safety levels, and ensure work safety. The main responsible person of a production and operation entity, as the primary person responsible for the work safety of the entity, shall be fully responsible for the work safety of the entity. Any other person in charge shall be responsible for the work safety within the scope of his or her duties. Violation of the Production Safety Law may result in (1) imposition of correction of illegal acts and penalties, and, in severe cases, stopping production and sales, and (2) criminal liabilities if the illegal activity constitutes a crime.

LAWS AND REGULATIONS RELATING TO THE IMPORT AND EXPORT OF GOODS

In accordance with the Customs Law of the PRC (《中華人民共和國海關法》) which was promulgated by the Standing Committee of the National People’s Congress on January 22, 1987, with the latest amendment of which coming into effect on April 29, 2021, unless otherwise stipulated, the declaration of import and export goods and payment of duties may be made by the consignees or the consignors, or the entrusted customs brokers. To undergo customs declaration formalities, the consignee or consignor of imported or exported goods and the customs declaration enterprise shall file with the Customs in accordance with the law.

According to the Provisions on the Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》), which was promulgated by the General Administration of Customs on November 19, 2021 and implemented on January 1, 2022, the consignee or consignor of imported or exported goods or a customs declaration enterprise, as filed with the customs (hereinafter referred to as “a customs declaration entity”) may undergo customs declaration within the customs territory of the PRC. Where a consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities.

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LAWS AND REGULATIONS RELATING TO REAL ESTATES

In accordance with the Land Administration Law of the PRC (《中華人民共和國土地管理法》) which was promulgated by the Standing Committee of the National People's Congress on June 25, 1986, with the latest amendment of which coming into effect on January 1, 2020, the PRC applies a system of control over the purposes of use of land, including land for agriculture, land for construction and unused land. Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration and the legally registered ownership and right to the use of land shall be protected by law and may not be infringed upon by any entities or individuals.

In accordance with the regulations of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) which was promulgated by the State Council on November 24, 2014, with latest amendment of which coming into effect on May 1, 2024, and the the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) which was promulgated by the Ministry of Natural Resources of the PRC on January 1, 2016, with the latest amendment coming into effect on May 21, 2024, the State shall implement a unified system of registration of immovable property, and that the registration of immovable property shall follow the principles of strict management, stability and continuity, and convenience for the masses.

LAWS AND REGULATIONS ON THE RENTAL OF PROPERTIES

Pursuant to the PRC Civil Code, a lease contract is a contract under which the lessor delivers to the lessee the leased object for the lessee to use or benefit therefrom, and the lessee pays the rent for the lease; with the consent of the lessor, the lessee may sublease the leased object to a third party; where the lessee subleases the leased object, the lease contract between the lessee and the lessor shall continue to be valid, and the lessee shall be liable to the lessor for any damage caused to the leased object by the third party.

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, the parties to premise leasing shall, within 30 days after the conclusion of the premise leasing contract, handle the premise leasing registration and filing formalities at the competent government authority. If the parties concerned fail to make the registration and filing formalities, the competent authority may order them to register and file the lease within a prescribed period of time, and may impose a fine of more than RMB1,000 and less than RMB10,000 on it.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND FIRE CONTROL

Environment Impact Assessment

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and amended on April 24, 2014, the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》) (the "Construction Environmental Protection Rule"), promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, and other relevant environmental laws and regulations, enterprises which plan to construct projects shall provide the assessment reports, assessment form, or registration form on the environmental impact of such projects with relevant environmental protection administrative authority for approval or filing.

In accordance with the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) which was promulgated by the SCNPC on October 28, 2002, with the latest amendment of which coming into effect on December 29, 2018, for any construction projects that

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have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

The Construction Environmental Protection Rule also requires that upon completion of construction for which an environmental impact report or environmental impact statement is formulated, the constructor shall conduct an acceptance inspection of the environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, formulate the acceptance inspection report, and announce the acceptance inspection report pursuant to the law except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the State. Where the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use.

Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) (the "Measures") was promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017. The Measures regulate the procedures and standards for environmental protection independent acceptance by construction units upon the completion of construction projects.

Water Pollution and Pollutant Discharge

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors, such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

Fire Control

In accordance with the Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the "Fire Prevention Law") which was promulgated by the SCNPC on April 29, 1998, with the latest amendment of which coming into effect on April 29, 2021, as well as other relevant laws and regulations of the PRC, where the housing and urban-rural development authority under the State Council requires that an application for fire protection final inspection of an as-built construction project should be filed, the construction entity shall file such an application with the housing and urban-rural development authority. For construction projects other than those specified in the preceding paragraph, the construction entity shall report for record to the housing and urban-rural development authority after final inspection, and the housing and urban-rural development authority shall conduct random inspection.

LAWS AND REGULATIONS RELATING TO CYBER SECURITY AND DATA SECURITY

Regulations Relating to Cyber Security

On November 7, 2016, the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the "Cyber Security Law") was promulgated by the SCNPC and amended on October 28, 2025. The Cyber Security Law requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services.

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According to the Measures for Cybersecurity Review (《網絡安全審查辦法》) which was jointly promulgated by the CAC and other twelve PRC regulatory authorities on December 28, 2021 and effective on February 15, 2022, (i) the purchase of cyber products and services by critical information infrastructure operators (the "CIIO(s)") and the network platform operators (the "Network Platform Operators") who engage in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, which is responsible for the implementation of cybersecurity review under the CAC; and (ii) the Network Platform Operators possessing personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office. Further, the relevant governmental authorities in the PRC may initiate cybersecurity review if such governmental authorities determine the cyber products or services, and data processing activities affect or may affect the national security.

Since as of the date of this document, (i) we only collect and process limited type of data such as operating data of subscribed intralogistics equipment (such as, location, speed, working time), and service process of our technicians in the ordinary course of our business and we have in place a robust data protection policy to ensure our compliance with the applicable laws and regulations, (ii) we are not the CIIO or the Network Platform Operator under the Measures for Cybersecurity Review, (iii) we did not hold, control or process more than one million users' personal information, (iv) we had not been notified by any authority of being classified as a data processor carrying out data processing activities that affect or may affect national security, or that our [REDACTED] affects or may affect national security, and (v) we have never been involved in any investigations on cybersecurity review by the CAC, nor have we received any regulatory inquiries, notice, warnings, sanctions or penalties in relation to cybersecurity and data protections regulations, our Directors are of the view that the Measures for Cybersecurity Review will not have a material adverse impact on us in material aspects, and the Sole Sponsor concurs with the Directors' view based on the reasons above.

However, we cannot guarantee whether we will be subject to the cybersecurity review in the future if new rules or regulations promulgated in the future impose additional compliance requirements on us. Further, the cybersecurity review office could initiate a cybersecurity review against any entity after completing necessary procedures in accordance with the Measures for Cybersecurity Review, if the members of the cybersecurity review working mechanism consider that an entity's data processing activities affect or may affect national security. The interpretation and application of the Measures for Cybersecurity Review shall be determined in accordance with the then applicable laws and regulations in force.

Regulations Relating to Data Security

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the "PRC Data Security Law"), which became effective on September 1, 2021. The PRC Data Security Law stipulates that each organization or individual collecting data shall adopt legal and proper methods, and shall not steal or obtain data by any illegal methods, and the data processing activities shall comply with laws and regulations, respect social mores and ethics, comply with commercial ethics and professional ethics, be honest and trustworthy, perform obligations to protect data security, and undertake social responsibility; and it shall not endanger national security, the public interest, or individuals' and organizations' lawful rights and interests.

On July 7, 2022, the Measures for the Security Assessment of Cross-border Data Transmission (《數據出境安全評估辦法》) (the "Data Transmission Measures") was released by the CAC and became effective on September 1, 2022, which requires that any data processor providing important data collected and generated during operations within the PRC or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. The Data Transmission Measures provides five circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of data cross-border transfer. These circumstances include: (i) where the data to be transferred to an overseas recipient are personal

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information or important data collected and generated by operators of critical information infrastructure; (ii) where the data to be transferred to an overseas recipient contain important data; (iii) where a personal information processor that has processed personal information of more than one million people provides personal information overseas; (iv) where the personal information of more than 100,000 people or sensitive personal information of more than 10,000 people are transferred overseas accumulatively; or (v) other circumstances under which security assessment of data cross-border transfer is required as prescribed by the national cyberspace administration.

Regulation on Network Data Security Management (《網絡數據安全管理條例》), promulgated by the State Council on September 24, 2024 and implemented on January 1, 2025, stipulates that if online data processors who carry out online data processing activities may affect national security, they shall conduct a national security review in accordance with relevant national provisions. Network data processors that handle more than 10 million personal information shall also comply with the provisions made by the processors of important data. From the above provisions, it is obvious that the Regulation on Network Data Security Management only provide the principles that affect or may affect national security, and do not fully enumerate specific circumstances or make further explanations, only carry out dynamic management through legal frameworks and regulatory mechanisms.

Since as of the date of this document, (i) we only collect and process limited type of data such as operating data of subscribed intralogistics equipment (such as, location, speed, working time), and service process of our technicians in the ordinary course of our business and we have in place a robust data protection policy to ensure our compliance with the applicable laws and regulations, (ii) we did not hold, control or process more than 10 million users' personal information, (iii) we had not been notified by any authority of being classified as a data processor carrying out data processing activities that affect or may affect national security, or that our [REDACTED] affects or may affect national security, and (iv) we have never been involved in any investigations on cybersecurity review by the CAC, nor have we received any regulatory inquiries, notice, warnings, sanctions or penalties in relation to cybersecurity and data protections regulations. As a result, our PRC counsel anticipates that there are no significant barriers to our compliance.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated by SCNPC on August 23, 1982, last amended April 23, 2019, and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was implemented on September 15, 2002, last revised on April 29, 2014 and came into force on May 1, 2014, they regulate the application, examination and approval, renewal, alteration, transfer, and license of trademark registration.

The Trademark Office under the State Administration for Industry and Commerce of the PRC (the National Intellectual Property Administration of the PRC has been established to undertake the duties of the Trademark Office in March 2018) handles trademark registrations and grants a term of ten years to registered trademarks. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office for record.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) which was promulgated by the SCNPC on March 12, 1984, with the latest amendment of which coming into effect on June 1, 2021, and the Implementation Rules 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 December 21, 1992, with the latest amendment of which coming into effect on January 20, 2024, provide three types of patents, namely "inventions,"

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"utility models" and "designs." Invention patents are valid for twenty years, while utility model patents and design patents are valid for ten years and fifteen years, respectively, in each case from the date of application.

Copyright

In accordance with the Copyright Law of the PRC (《中華人民共和國著作權法》) which was promulgated by the SCNPC on September 7, 1990, with latest amendment of which coming into effect on June 1, 2021, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

In accordance with the the Regulations on Computers Software Protection (《計算機軟件保護條例》) which was promulgated by the State Council on June 4, 1991, with the latest amendment of which coming into effect on March 1, 2013, and the the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) which was promulgated by the National Copyright Administration on February 20, 2002, and implemented on the same day, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and taking effect on November 1, 2017, establishing any domain name root server and institution for operating domain name root servers, managing the registration of a domain name and providing registration services in relation to domain name within the territory of China shall be subject to the approval of the MIIT or provincial, autonomous regional and municipal communications administration. The registration of a domain name shall follow the principle of "first apply, first register."

LAWS AND REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Labor Law

In accordance with the Labor Law of the PRC (《中華人民共和國勞動法》) which was promulgated by the SCNPC on July 5, 1994, with the latest amendment of which coming into effect on December 29, 2018, every employer must ensure workplace safety and sanitation in accordance with national regulations, provide relevant training to its employees, prevent accidents in the process of work, and lessen occupational hazards.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) issued by the SCNPC on June 29, 2007 and amended on December 28, 2012, requires every employer to enter into a written contract of employment with each of its employees. The wage of each employee is to be no less than the local standard on minimum wages.

LAWS AND REGULATIONS RELATING TO SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

In accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) issued by the SCNPC on October 28, 2010, last amended on December 29, 2018 and taking effect on the same day, as well as other relevant provisions, an employee shall participate in five types of social insurance funds, including pension, medical, unemployment, maternity and occupational

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injury insurance. If the employer fails to fully contribute to social insurance funds on time, the collection agency for such social insurance may demand the employer to make full payment or to pay the shortfall within a set period and collect a late charge. If the employer fails to pay after the due date, the relevant government administrative body may impose a fine on the employer.

In accordance with the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999, with the latest amendment of which coming into effect on March 24, 2019, every employer must register with the competent managing center for housing funds and shall contribute to the Housing Provident Fund for any employee on its payroll. Where an employer fails to pay up housing provident funds within the prescribed time limit, the employer may be ordered to make payment within a certain period, where the payment has not been made after the expiration of the time limit, an application may be made to the court for compulsory enforcement.

On July 31, 2025, the Supreme People’s Court of the PRC issued the Interpretation II by the Supreme People’s Court of the PRC 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)) (the “**Interpretation II**”), which took effect from September 1, 2025. Pursuant to the Interpretation II, it is a statutory obligation on both the employers and employees to participate in social insurance. Any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement, is invalid. Further, the Interpretation II specifies that if the employee terminates their labor contract on the grounds that the employer has failed to make social insurance contributions as required by law, and claims economic compensation from the employer, the People’s Court of the PRC shall uphold the claim.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal law governing foreign currency exchange in the PRC is the Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996, with the latest amendment of which coming into effect on August 5, 2008 (the “Forex Regulations”). According to the Forex Regulations, international payments in foreign currencies and transfers of foreign currencies under current account, such as payments of dividends or interests, shall not be restricted. Foreign currency transactions under the capital account, such as direct investment and capital contributions, require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities.

In accordance with Notice of Issues Concerning the Administration of Funds Related to Overseas Listings of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》) issued by the People’s Bank of China and the State Administration of Foreign Exchange on December 24, 2025 and implemented on April 1, 2026, a domestic enterprise that makes an overseas listing shall, within 30 working days from the first trading day of the overseas listing or from the completion of an over-allotment, apply for overseas listing registration to a bank within the provincial area or city under separate state planning where it is registered. A domestic enterprise shall, in principle, repatriate the proceeds of an overseas listing in a timely manner. Where it retains such funds overseas for overseas direct investment, overseas securities investment, overseas lending, or other business, it shall obtain approval or recordation documents from the appropriate authorities prior to the completion of the overseas listing offering or the over-allotment, and comply with relevant provisions on the administration of cross-border funds.

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), (the “Circular 16”), which came into effect on the same day. The Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted listed overseas proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). According to the Circular on Optimizing Administration of Foreign

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Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020 and taking effect on April 1, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot-checking in accordance with the relevant requirements.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

In accordance with the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法》) (the "IT Law") which was promulgated by the SCNPC on March 16, 2007, with the latest amendment of which coming into effect on December 29, 2018, a domestic enterprise which is established within the PRC in accordance with the laws shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the state.

Enterprises that are recognized as high and new technology enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science and Technology of the PRC, the MOF and the SAT on January 29, 2016, are entitled to enjoy a preferential enterprise income tax rate of 15%. Under these measures, the validity period of the recognition as a high and new technology enterprise shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition before or after the previous certificate expires.

Value-Added Tax

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), or the Value-added Tax law, which took effect on January 1, 2026 and replaced the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》). Pursuant to the Value-added Tax Law, entities engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are value-added tax ("VAT") payers and shall pay VAT. Taxpayers that sell goods are subject to a tax rate of 13% and taxpayers that sell services or intangible assets are subject to a tax rate of 6%. Unless otherwise specified in the Value-added Tax Law, taxpayers making taxable transactions shall calculate and pay VAT by offsetting input tax against output tax according to the general tax calculation method and calculate the VAT payable.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "Foreign Investment Law"), which was promulgated by the NPC on March 15, 2019, and was implemented on January 1, 2020, establishes the management system for pre-access national treatment and negative list for foreign investment in the PRC. "Pre-access national treatment" means that foreign investors and their investments shall be treated no less favorably than domestic investors and their investments at the stage of investment access; "negative list" refers to the special administrative measures for access of foreign investment in specific fields as prescribed by the PRC. The PRC gives national treatment to foreign investment outside the negative list. In addition, the Regulations for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "Implementation Regulations"), which promulgated by the State Council on December 26, 2019, and came into effect on January 1, 2020, further stipulates that the PRC shall, according

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to the needs of national economic and social development, formulate a catalog of encouraged foreign-invested industries, and specify the specific industries, fields and regions in which foreign investors are encouraged and guided to invest.

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)》) (the “2024 Negative List”) is issued by the NDRC and the MOFCOM jointly on September 6, 2024 to replace the previous encouraging catalog and negative list thereunder. Pursuant to the Foreign Investment Law, the 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.

REGULATIONS ON OVERSEAS INVESTMENT

The Measures for the Administration of Overseas Investment (《境外投資管理辦法》), which became effective on May 1, 2009, was last revised on September 6, 2014, the Ministry of Commerce and provincial commercial authorities shall carry out filing and approval management of overseas investment, according to different conditions of overseas investment of 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.

The Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which became effective on March 1, 2018, specifies that investors with overseas investment shall go through the procedures of overseas investment project approval and filing, report relevant information, and co-operate with the supervision and inspection. Overseas investment projects are subject to filing and approval administration according to whether they are in sensitive industries, and the catalog of sensitive industries is issued by the National Development and Reform Commission.

FULL CIRCULATION OF H SHARES

“Full circulation” represents the shareholders of domestic unlisted shares of domestic companies, which directly offer and list securities in overseas markets, converting its domestic unlisted shares into foreign listed shares circulating in overseas markets. “Full circulation” shall comply with relevant regulations of the CSRC and the shareholders of domestic unlisted shares shall entrust the domestic company to report the “Full circulation” with CSRC by filing materials on key compliance issues.

In order to fully promote the reform of H-shares “full circulation” and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, clearing and settlement of relevant shares have been clarified. On September 20, 2024, the CSDC also promulgated the China Securities Depository and Clearing (Hong Kong) Limited H-Shares Full Tradability Business Guide (《中國證券登記結算(香港)有限公司H股「全流通」業務指南》), which was implemented on September 23, 2024 to set out the relevant custody, depository, nominee services, settlement arrangements and other related matters of ChinaClear Hong Kong.

REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING

The CSRC promulgated 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》) (the “Overseas Listing Trial Measures”) and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either by direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information.

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Where an issuer submits an application for an initial public offering to competent overseas regulators, filing an application with the CSRC shall be submitted within three business days thereafter. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Subsequent securities offering and listing of an issuer in other overseas markets shall be filed as initial public offering.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “Provisions on Confidentiality”), which took effect on March 31, 2023. Pursuant to the Provisions on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State.