OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the major PRC laws and regulations that may have a significant impact on our business and operations in the PRC.

PRC LAWS AND REGULATIONS

Laws, regulations and policies in relation to the business in the PRC

Policies in relation to the industrial software

According to the Several Policies on Promoting the High-Quality Development of the Integrated Circuit and Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》), which was promulgated by the State Council (國務院) on July 27, 2020 and came into effect on the same day, China focuses on key core technology research and development in high-end chips, integrated circuit equipment and process technology, key integrated circuit materials, integrated circuit design tools, foundational software, industrial software, and application software, and continuously explore the establishment of a new nationwide system for tackling key core technologies under the socialist market economy.

According to the 14th Five-Year Plan for the Development of the Software and Information Technology Services Industry (《"十四五"軟件和信息技術服務業發展規劃》), which was promulgated by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (the "**MIIT**") on November 15, 2021 and came into effect on the same day, China promotes the prioritization of breakthroughs in key industrial software, encouraging the research and development and promotion of computer-aided design, simulation, computing and other tool software, vigorously developing key industrial control software, and accelerating the industrial deployment of high value-added operation and maintenance and management software. China also emphasizes reinforcing weaknesses in key foundational software by enhancing the integration and stability of software development tools, breaking through key technologies such as code reuse and recommendation, and large-scale cross-language analysis, and accelerating the development of testing tools including static program analysis, dynamic testing, simulation testing, and automated testing platforms.

According to the 14th Five-Year Plan for Scientific and Technological Innovation in the Energy Sector (《"十四五"能源領域科技創新規劃》) (the "**Plan**"), which was promulgated by the National Energy Administration (國家能源局) (the "**NEA**") and the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) on November 29, 2021 and came into effect on the same day, China identifies power system simulation analysis and safe and efficient operation technologies as key tasks, focusing on centralized research and development of refined modeling and efficient simulation technologies for power electronic equipment/clusters, as well as larger-scale and higher-precision AC/DC hybrid power grid simulation technologies. In the field of digital and intelligent technologies for photovoltaic power generation, the Plan calls for research on key technologies such as multi-scale refined assessment and simulation of solar energy resources, and transient and steady-state characteristics and simulation between photovoltaic power generation and power system.

Policies in relation to the new power system

According to the Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and Vision 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which was approved by the National People's Congress of the PRC (中華人民共和國全國人民代表大會) (the "**NPC**") on March 11, 2021, China will focus on accelerating the intelligent transformation of power grid infrastructure and the construction of smart microgrids, improving the complementarity, mutual support and intelligent regulation capabilities of the power system, strengthening the integration of source, grid, load and storage, and enhancing the capacity for the accommodation and storage of clean energy.

According to the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (《中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) (the "**Working Guidance**"), which was promulgated by the Central Committee of the Communist Party of China (the "**CPC**") and the State Council on September 22, 2021 and came into effect on the same day, the Working Guidance states the need to build a new-type power system with new energy as the main body and enhance the power grid's capacity to accommodate and regulate high-proportion renewable energy.

According to the Action Plan for Carbon Peaking Before 2030 (《2030年前碳達峰行動方案》) (the "**Action Plan**"), which was promulgated by the State Council on October 24, 2021 and came into effect on the same day, the Action Plan calls for vigorously enhancing the comprehensive regulation capacity of the power system, accelerating the construction of flexible regulation power sources, guiding self-provided power plants, traditional high-energy-consuming industrial loads, industrial and commercial interruptible loads, electric vehicle charging networks, virtual power plants and other entities to participate in system regulation, building a strong and smart power grid, and improving power grid safety and security. According to the Opinions on Improving Systems, Mechanisms, Policies and Measures for Green and Low-carbon Energy Transition (《國家發展改革委國家能源局關於完善能源綠色低碳轉型體制機制和政策措施的意見》), which was promulgated by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) (the "**NDRC**") and the NEA on January 30, 2022 and came into effect on the same day, China emphasizes strengthening fundamental theoretical research on new-type power systems, promoting breakthroughs in key core technologies, and researching and formulating relevant standards for new power system, while promoting the integrated development of the internet, digital and intelligent technologies with the power system.

According to the Guiding Opinions on Strengthening Power System Stability under the New Circumstances (《國家發展改革委國家能源局關於加強新形勢下電力系統穩定工作的指導意見》), which was promulgated by the NDRC and the NEA on September 21, 2023 and came into effect on the same day, China aims to establish a technical support system for stability, including enhancing the multi-timescale analysis and simulation capabilities of the power system, and conducting in-depth analysis across all segments of the power system.

According to the Action Plan for Accelerating the Establishment of a New Power System (2024–2027) (《加快構建新型電力系統行動方案(2024–2027年)》), which was promulgated by the NDRC, the NEA, and the National Data Administration (國家數據局) on July 25, 2024 and came into effect on the same day, China will accelerate the development of the new power system, focusing on launching nine special actions including the power system stability assurance initiative, so as to achieve tangible results in the development of the new power system.

According to the Guiding Opinions on Energy Work for 2025 (《2025年能源工作指導意見》), which was promulgated by the NEA on February 27, 2025 and came into effect on the same day, China will promote the effective implementation of the nine major actions for the new power system, strengthen the effective integration between the development of the new power system and the policies related to the "Two Priorities" and "Two New Initiatives", and deepen research on key issues including the concepts and measures for enhancing power supply security capacity, as well as the coordination between new energy development and the development of its accommodation system.

According to the Recommendations for Formulating the 15th Five-Year Plan for National Economic and Social Development of the CPC Central Committee (《中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議》), which was adopted at the Fourth Plenary Session of the 20th Central Committee of the CPC on October 23, 2025, China calls for striving to develop a new power system; comprehensively enhancing the complementarity, mutual support and security resilience of the power system; accelerating the development of smart grids and microgrids; raising the level of electrification in end-use energy consumption; and promoting greener and low-carbon energy consumption.

Laws and regulations on product quality and tort liability

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會) (the "**SCNPC**") on February 22, 1993 and last amended on December 29, 2018, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks, falsifying the place of origin of products, and falsifying or imitating the name or address of another factory or adulteration of, or mixing of improper elements with products, passing off the sham as the genuine or passing off the inferior as the superior is prohibited.

According to the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**") promulgated by the NPC on May 28, 2020 and entered into force on January 1, 2021, if defective products are identified after they have been put into circulation, the manufacturers and the sellers shall take remedial measures such as stopping of sales, issuance of a warning, recall of products, etc. in a timely manner. If the damage is caused by a defective product or if the manufacturer or the seller fails to take remedial measures in a timely manner, the aggrieved party may claim compensation from the manufacturer or the seller of such product. Where a defect is caused by the fault of the seller, the manufacturer who has paid compensation has the right to indemnification against the seller. Where any manufacturer or seller knowingly produces or sells defective products or fails to take remedial measures in a timely manner and thus causes death or serious damage to the health of another person, such person shall be entitled to claim, in addition to compensation for loss, punitive damages.

Laws and regulations on self-owned real properties

According to the Civil Code, the creation, alteration, alienation, or extinguishment of the property right of a real property shall become effective upon registration in accordance with law.

The certificate of ownership of real property shall be an evidence of the right holder's entitlement in the real property.

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), promulgated by the SCNPC on June 25, 1986, last amended on August 26, 2019 and became effective from January 1, 2020, China implements "socialist public ownership of land", that is, ownership by the whole people or collective ownership by the working masses. The State formulates an overall land utilization plan to stipulate land use, classifying land into agricultural land, construction land, or unused land. Entities or individuals using land must use the land strictly in accordance with the purposes of land use determined in the overall land utilization plan.

According to the Interim Regulations on Real Estate Registration(《不動產登記暫行條例》) promulgated by the State Council on November 24, 2014, taking effect on March 1, 2015 and amended on March 24, 2019 and March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources of the PRC (中華人民共和國自然資源部) on January 1, 2016 and amended on July 24, 2019 and May 21, 2024, China implements a unified real estate registration system.

Laws and regulations on lease of real property

According to the Civil Code, a lease contract generally shall contain clauses specifying the name, quantity and purpose of use of the leased object, the term of the lease, rent, the schedule and method of its payment, the maintenance and repair of the leased object, etc. The lessee of a lease may, with the consent of the lessor, sublease the leased object to a third party.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development of the PRC promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, a commodity housing lease contract should be registered with the competent municipal or county level housing and construction authority within 30 days after the execution of the lease contract. Those who fail to comply with the aforementioned filing regulations may be ordered by the competent authority to correct within a time limit. If the entity does not correct within the specified period, it may be subject to a fine ranging from RMB1,000 to RMB10,000 on each lease contract.

Laws and regulations on bidding

According to the Bid Invitation and Bidding Law of the PRC (《中華人民共和國招標投標法》) promulgated on August 30, 1999 and implemented on January 1, 2000 by the SCNPC, and amended on December 27, 2017 and implemented on December 28, 2017 and the Implementing Regulations on the Bid Invitation and Bidding Law of the PRC (《中華人民共和國招標投標法實施條例》) promulgated on December 20, 2011 and implemented on February 1, 2012 by the State Council, last amended and implemented on March 2, 2019, in respect of construction projects like large infrastructure and public utility projects that concern public interests and security and projects invested completely or partly with State-owned funds or financed by the State to be undertaken within the territory of the PRC, the surveying, design, construction and supervision of such projects as well as the purchase of key equipment and materials for such projects, must be subject to bid invitation. Bid invitation is classified into two categories: public invitation and invited bidding. Any company that, in violation of the provisions of above laws, fails to invite bids for a project subject to bid invitation, or breaks up the project into parts, or by any other means tries to dodge bid invitation shall put it right within a time limit and may be fined not less than 0.5 percent but not more than 1 percent of the contract value of the project; where a project, which completely or partly uses state-owned funds is concerned, its construction or allocation of funds may be suspended. The persons who are directly in charge and the other persons who are directly responsible shall be given sanctions in accordance with law.

LAWS AND REGULATIONS ON IMPORT AND EXPORT

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 last amended on April 29, 2021, the consignee of imported goods, the consignor of exported goods and the owner of inward and outward articles shall be the obligatory customs duty payer. Unless otherwise stipulated, all imported and exported goods must be declared and duties on them shall be paid by the consignees or the consignors or by the representatives entrusted. The consignee or the consignor of imported or exported goods and the customs declaration enterprise shall undergo customs declaration formalities at the Customs in accordance with the laws.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and last amended on December 27, 2025, and the Notice by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) promulgated by the General Administration of Customs of the PRC (the "**GAC**") on January 3, 2023, and became effective on the same date, a consignee or consignor of imported or exported goods who applies for recordation shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

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》), promulgated by the GAC on November 19, 2021, which came into effect on January 1, 2022, where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise has undergone the formalities of recordation for customs declaration entities, branches that meet the requirements of the preceding paragraph may also apply for recordation for customs declaration entities.

According to the Regulation of the PRC on the Administration of the 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, last amended on March 10, 2024 and came into effect on May 1, 2024, enterprises engaged in the import of goods to the customs territory of the PRC or export of goods from the customs territory of the PRC, shall comply with the Regulation here before. For goods that are prohibited from importation or exportation, they cannot be imported or exported; for goods that are subject to import or export restrictions, a license or quota management system shall be implemented; for goods that are freely imported or exported, there is no restriction.

According to Regulations on Administration of Technology Import and Export of the PRC (《中華人民共和國技術進出口管理條例》) promulgated by the State Council on December 10, 2001, last amended on November 29, 2020 and came into effect on the same date, technology import and export is defined to include patent assignment, transfer of patent application rights, patent licensing, transfer of tech secrets, technical services and other forms of technology transfer. Technology falling under the catalog of prohibited import or export technology shall not be imported or exported. Technology falling under the catalog of restricted import or export technology shall be subject to licensing administration and shall not be imported without obtaining the license from competent foreign economic and trade authority. Technology which does not fall under the above two catalogs can be freely imported or exported but shall be subject to contract registration administration by foreign economic and trade authority.

Laws and regulations on information security and data protection

Information security and censorship

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》), which came into effect on September 1, 2021. The Data Security Law sets forth the regulatory framework and the responsibilities of the relevant administrative authorities in regulating data security. It provides that the central leadership organ of national security shall establish a national data security coordination mechanism, which shall coordinate the relevant authorities covering different industries to formulate the catalogs of key data, and the special measures that shall be taken to protect the security of the key data.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1, 2017, was amended on October 28, 2025 and came into effect on January 1, 2026, according to which, network operators shall fulfill their obligations to safeguard the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures according to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. The network operator shall not collect personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements concluded with its users, and network operators of key information infrastructure shall store within the PRC all the personal information and important data collected and produced within the PRC. The purchase of network products and services that may affect national security shall be subject to national cyber security review.

On July 30, 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. According to the Regulations on the Protection of the Security of Critical Information Infrastructure, a “critical information infrastructure” refers to an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people’s livelihood, or the public interests in the event of damage, loss of function, or data leakage.

On December 28, 2021, the Cyberspace Administration of China (the “**CAC**”), jointly with 12 other administrative authorities, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which became effective on February 15, 2022. According to the Measures for Cybersecurity Review, critical information infrastructure operators that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review under the Measures for Cybersecurity Review. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad. The competent administrative authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

On July 7, 2022, the CAC promulgated the Cross-border Data Transfer Security Assessment Measures (《數據出境安全評估辦法》), which became effective on September 1, 2022. It provides that, among others, data processors shall apply to competent authorities for security assessment when (1) the data processors transferring important data abroad; (2) a critical information infrastructure operator or a personal information processor that has processed personal information of more than one million people, transferring personal information abroad; (3) a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals abroad, in each case as calculated cumulatively, since January 1 of the last year, transferring personal information abroad, and (4) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC. In addition, on February 22, 2023, the Provisions on the Prescribed Agreement on Cross-border Data Transfer of Personal Information (《個人信息出境標準合同辦法》) (the "**Provisions on Prescribed Agreement**") was promulgated by the CAC, which took effect on June 1, 2023. The Provisions on Prescribed Agreement attaches the prescribed template for cross-border data transfer agreement that could be used as an available option to satisfy the condition for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》).

According to the Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) promulgated and implemented by the CAC on March 22, 2024, a data handler that is not a critical information infrastructure operator, will be exempted from declaring for security assessment for outbound data transfer, signing a standard contract with overseas recipient or passing the personal protection certification, if such data handler accumulatively transfers overseas ordinary personal information of less than 100,000 individuals since the January 1 of the current year.

On September 24, 2024, the State Council released the Regulation on Network Data Security Management (《網絡數據安全管理條例》), which has come into force on January 1, 2025. The Network Data Regulation is not only the first at the administrative regulation level specifically for network data security, but it also serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, Data Security Law, and Personal Information Protection Law. The Network Data Regulation introduces several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is handled. It also clarifies definitions for important data, outlines the obligations of those handling important data, establishes broader contractual requirements for data sharing between data handlers, and introduces a new exemption for regulatory obligations regarding cross-border data transfers.

Laws and regulations on employment and social insurance

Employment

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

The Labor Contract Law, which became effective on January 1, 2008, was amended on December 28, 2012 and came into effect on July 1, 2013, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

Social insurance

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") issued by the SCNPC on October 28, 2010 and last amended with effect from December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance authorities and pay or withhold relevant social insurance for or on behalf of its employees.

On July 31, 2025, the Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes to the employer that there is no need to pay social insurance contributions, the people's court shall determine that such agreement or undertaking is invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the Labor Contract Law, the people's court shall support such claims in accordance with the law.

Housing provident fund

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, amended with effect on March 24, 2002 and March 24, 2019 respectively, enterprises shall register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

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

LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

Anti-Monopoly law

The Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**"), promulgated by the SCNPC on August 30, 2007, and effective as of August 1, 2008, as revised on June 24, 2022 and effective as of August 1, 2022, applies to monopolistic practices in domestic economic activities in China, as well as monopolistic practices outside China that have the effect of excluding or restricting domestic market competition. Monopolistic practices under the Anti-Monopoly Law include monopoly agreements reached by operators, abuse of a dominant market position by operators, and concentrations of operators that have the effect of eliminating or restricting competition. The anti-monopoly law enforcement agencies of the State Council are responsible for the enforcement of the Anti-Monopoly Law. The anti-monopoly law enforcement agencies of the State Council may, according to work requirements, delegate relevant anti-monopoly enforcement tasks to the corresponding agencies of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government pursuant to the provisions of the Anti-Monopoly Law. Operators that violate the Anti-Monopoly Law may be ordered by the enforcement agencies to cease the illegal acts, be fined, or be subject to other restrictive measures.

Anti-unfair competition law

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**"), which was promulgated by the SCNPC on September 2, 1993, and last revised on June 27, 2025, effective as of October 15, 2025, operators shall comply with the principles of voluntariness, equality, fairness, and good faith, and abide by laws and business ethics in their production and business operations. Under the Anti-Unfair Competition Law, unfair competition refers to conduct by an operator that disrupts the market competition order and infringes the legitimate rights and interests of other operators or consumers in violation of the Anti-Unfair Competition Law in the course of production and business operations. Operators that violate the Anti-Unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

Laws and regulations on intellectual properties

Patents

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984 and last amended on October 17, 2020 and effective as from 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 June 15, 2001 and last amended on December 11, 2023 and effective as from January 20, 2024, there are three types of patents in the PRC: invention patent, utility model patent and design patent. The current protection period is 20 years for invention patent, 10 years for utility model patent and 15 years for design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activity in infringement of a patent without prior authorization of the patentee shall pay compensation to the patentee and be subject to a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. According to the Patent Law, for the purposes of public health, the patent administrative department under the State Council may grant a compulsory license in order to facilitate the manufacture of patented medicines and their export to countries or regions which comply with the provisions of the relevant international treaties to which the PRC has acceded.

Trademarks

According to the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated by the SCNPC on August 23, 1982, amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 respectively and effective as from November 1, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. A trademark registrant intending to continue to use the registered trademark upon expiry of the period of validity shall undergo the renewal formalities within 12 months before expiry according to the relevant provisions. If failing to do so, the trademark registrant may be granted a six-month grace period. The period of validity of each renewal is ten years, commencing from the day after the expiry date of the last period of validity. If the renewal formalities are not undergone within the grace period, the registration of the trademark shall be canceled. The administration for market regulation under the State Council has the authority to investigate any conduct that infringes the exclusive right to use a registered trademark. In the event that a crime is suspected to have been committed, the administration for market regulation shall promptly transfer the case to the judicial administration for market regulation to be dealt with in accordance with the law.

Copyright

Copyright in the PRC is primarily protected by 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, last amended on November 11, 2020 and became effective on June 1, 2021, and Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and became effective on March 1, 2013. These laws and regulations stipulate the classification of works and the obtaining and protection of copyright.

Domain names

Domain names are protected under the Administrative Measures for the Internet Domain Names of China (《中國互聯網絡域名管理辦法》) promulgated by the Ministry of Information Industry of the PRC (has been integrated into the MIIT) on November 5, 2004. This regulation was replaced by the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was issued by the MIIT on August 24, 2017 and effective as of November 1, 2017. The MIIT is the main regulatory body responsible for the administration of the PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations. The domain name services follow a "apply first, register first" principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to domain name registration service institutions.

Trade secrets

According to the Anti-Unfair Competition Law, "trade secret" means technical, operational or other commercial information unknown to the public and of commercial value, for which the right holder has taken corresponding confidentiality measures. A business shall not commit the following acts of infringing upon trade secrets: (i) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means, (ii) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the preceding subparagraph, (iii) disclosing, using, or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential, (iv) abetting a person, or tempting, or aiding a person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential. An illegal act as set forth in the preceding sentences committed by a natural person, legal person or unincorporated organizations shall be treated as infringement of the trade secret. Where a third party knows or should have known that an employee or a former employee of the right holder of a trade secret or any other entity or individual has committed an illegal act as specified in the preceding sentences but still acquires, discloses, uses, or allows another person to use the trade secret, the third party shall be deemed to have infringed upon the trade secret. The parties whose trade secrets are being misappropriated may petition for administrative remedies, and the supervision and inspection authorities shall order the infringing parties to cease the illegal acts and fine infringing parties.

Laws and regulations related to tax

Enterprise income tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the NPC on March 16, 2007 and last amended and effective from December 29, 2018 by the SCNPC and its implementation regulations, the Enterprise Income Tax Law of the PRC generally imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises. The Enterprise Income Tax Law of the PRC and its implementation rules permit the enterprises qualified as "High and New Technology Enterprises" to enjoy a reduced 15% enterprise income tax rate.

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》) (the "**VAT Law**"), which came into effect on January 1, 2026, according to which entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) issued on April 4, 2018 and became effective from May 1, 2018, the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) issued by the Ministry of Finance of the PRC (中華人民共和國財政部) (the "**MOF**") and other relevant authorities on March 20, 2019 and became effective from April 1, 2019, and the VAT Law, unless stated otherwise, for taxpayers that sell goods, and provide processing, repair and replacement services and rental services of tangible movable assets, as well as import goods, the tax rate shall be 13%. A tax rate of 6% shall apply to taxpayers that sell certain services and intangible assets.

Laws and regulations on foreign exchange and dividend distribution

Foreign exchange control

The PRC Regulations for the 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 and amended on January 14, 1997 and August 5, 2008, established the regulatory framework of the administration on foreign currency exchange in China. Under the PRC Regulations for the Foreign Exchange Administration, payments of current account items, such as trade, services, income or current transfer-related transactions in foreign currencies, in foreign currency may be processed without prior approval from the SAFE as long as certain procedural requirements are complied with. By contrast, approval from, or registration with, appropriate administrative authorities is required where RMB is to be converted into foreign currency and remitted out of China for items under the capital account such as repayment of foreign currency denominated loans or foreign currency is to be remitted into China under the capital account, such as a capital increase or foreign currency loans extended by an offshore entity to an entity in China.

According to the Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting the Foreign Exchange Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) and its appendix promulgated in November 2012 and amended in May 2015, October 2018 and December 2019 by the SAFE, the foreign exchange procedures are further simplified: (1) the opening of and payment into foreign exchange accounts under direct investment are no longer subject to approval by the SAFE; (2) reinvestment with legal income of foreign investors in China is no longer subject to approval by SAFE; (3) the procedures for capital verification and confirmation that foreign-invested enterprises need to go through are simplified; (4) purchase and external payment of foreign exchange under direct investment are no longer subject to approval by SAFE; (5) domestic transfer of foreign exchange under direct investment is no longer subject to approval by SAFE; and (6) the administration over the settlement of foreign exchange capital of foreign-invested enterprises is improved. Later, the SAFE issued the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015 which became effective in June 2015 and was further amended in December 2019, prescribes that the banks instead of the SAFE can directly handle foreign exchange registrations under foreign direct investment and outbound investment while the SAFE and its branches indirectly supervise the foreign exchange registration under foreign direct investment through the bank. On April 3, 2024, the SAFE promulgated the Guidelines on Foreign Exchange Operations for Capital Projects (2024 Edition) (《資本項目外匯業務指引(2024年版)》), which became effective on May 6, 2024, to provide guidelines on foreign exchange operations for capital projects.

According to the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) issued by the SAFE on March 30, 2015, amended with effect on December 30, 2019 and March 23, 2023 respectively, and the Notice on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE on June 9, 2016 and amended with effect on December 4, 2023, discretionary settlement of foreign exchange receipts under capital accounts means that domestic institutions may settle their foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as explicitly prescribed in the relevant policies with banks according to their actual operation needs. Domestic institutions may, at their discretion, settle up to 100% of all foreign exchange receipts under capital accounts for the time being, and the SAFE may adjust the aforesaid proportion in due time according to the situation of international balance of payments. The Notice of the State Administration of Foreign Exchange 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 and implemented by the SAFE on December 4, 2023 further facilitates the payment and use of funds raised by foreign-invested enterprises through overseas listing. The asset realization account under the capital account shall be adjusted to the settlement account under the capital account. The foreign exchange funds raised by a domestic enterprise in overseas listing may be directly remitted to the settlement account under the capital account. The funds in the settlement account under the capital account may be settled and used on its own.

According to the Notice on Optimizing Administration of Foreign 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 in April 2020, eligible enterprises are allowed to make domestic payments by using their funds received by way of capital contribution, foreign debts and overseas listing, with no need to provide the evidentiary materials concerning authenticity of such payment to banks in advance, provided that their capital use shall be authentic and compliant, and conform with the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct ex post spot check and the local branches of the SAFE shall strengthen monitoring analysis and interim and ex post regulation in accordance with the relevant requirements.

Dividend distribution

The principal regulations governing distribution of dividends of foreign-invested enterprises include the Company Law of the PRC. Under these regulations, joint stock limited companies (including foreign-invested enterprises) in the PRC may pay dividends only out of their accumulated profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, companies are required to allocate at least 10% of their accumulated profits each year, if any, to fund the statutory reserve funds unless these reserves have reached 50% of the registered capital of the enterprises.

The SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Administration Reform (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) in January 2017, which stipulates several capital control measures with respect to outbound remittance of profits from domestic entities to offshore entities, including the following: (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements for any remittance of profits of more than (not including) USD50,000; and (2) domestic entities shall, as required by law, hold benefits to offset previous years' losses before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration and outward remittance procedures in connection with an outbound investment.

Laws and regulations on overseas investment

Overseas investment

The Administrative Measures on Overseas Investment (《境外投資管理辦法》) was promulgated by the Ministry of Commerce of the PRC (the "**MOFCOM**") on September 6, 2014 and came into effect on October 6, 2014. According to the measures, overseas investment shall refer to the obtaining of ownership of an overseas non-financial enterprise by means of incorporation, merger, acquisition or any other method by an enterprise incorporated in the PRC. Any overseas investments involving sensitive countries and regions or sensitive industries shall be subject to the approval of the MOFCOM or its provincial counterpart; overseas investments that do not fall into the aforementioned category shall be subject to a filing with the relevant provincial counterpart of the MOFCOM. Enterprises that obtained approval or completed the filing process will receive an Overseas Investment Certificate for Enterprise (《企業境外投資證書》) issued by MOFCOM or its provincial counterpart.

The Administrative Measures for Overseas Investment by Enterprises (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. As defined therein, overseas investment refers to investment activities to obtain ownership, right of control, right of business management, and other related rights and interests outside of the PRC, by an enterprise incorporated in the PRC, either directly or via an overseas enterprise under its control, by way of contributing assets and/or interest or providing financing and/or guarantee. Prior to investing overseas, the investment project shall be approved by the NDRC, if it involves sensitive countries and regions or sensitive industries; if the investment project is considered not sensitive as it does not involve sensitive countries and regions or sensitive industries, the entity intending to implement the project shall file relevant information with the NDRC or its provincial counterparts. The Catalogue of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), which was promulgated by the NDRC on January 31, 2018 and came into effect on March 1, 2018, sets out a detailed list for the aforementioned sensitive industries.

Laws and regulations on overseas listing

CSRC filing requirements for overseas offering and listing

On February 17, 2023, the China Securities Regulatory Commission (中國證券監督管理委員會) (the "**CSRC**") released the Trial Administrative Measures 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》) and the supporting guidelines (together, the "**Trial Filing Measures**"), which came into effect on March 31, 2023. If a domestic company seeks for overseas securities issuance and listing, the issuer shall file with the CSRC in accordance with the Trial Filing Measures.

According to the Trial Filing Measures, the issuer shall submit the required filing documents to the CSRC within three working days after the overseas listing application is submitted to the relevant overseas regulator or listing venue. Once the filing documents are complete and in compliance with the stipulated requirements, the CSRC will, within 20 working days, complete the filing procedure and publish the filing results on the CSRC website. To the extent the filing documents are incomplete or do not conform to stipulated requirements, the CSRC will, within five working days upon receipt of filing documents, request supplementation and amendment to the filing. Then the issuer has 30 working days to prepare any requested supplemented/amended filing materials. In addition, following the listing in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of the following events involving the issuer: (1) change of control; (2) investigations or sanctions imposed by overseas regulators; (3) change of listing status or transfer of listing market; and (4) voluntary or involuntary delisting.

The Trial Filing Measures also stipulates that overseas securities issuance and listings shall be prohibited under any of the following circumstances: (1) offerings and listings are explicitly prohibited by laws and regulations; (2) offerings and listings may endanger national security as reviewed and determined by competent authorities under the PRC State Council in accordance with law; (3) domestic companies of the listing applicant or its controlling shareholder or actual controlling person are involved in criminal offenses in the last three years, such as corruption, bribery, embezzlement, misappropriation of property, or undermining the order of the socialist market economy; (4) domestic enterprises of the listing applicant are under investigations for suspicion of criminal offenses or are involved in major violations of laws and regulations and no conclusion of the investigation has yet been made; or (5) there are material ownership disputes over equity interests held by controlling shareholders or by shareholders who are controlled by the controlling shareholder 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 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 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 "**Archives Administration Provisions**"), which came into effect on March 31, 2023. According to the Archives Administration Provisions, the Domestic Companies shall establish and implement a solid confidentiality and archives administration system. If a Domestic Company decides to disclose any documents or materials containing state secrets, work secrets of state authorities or any information that may be detrimental to national security or public interest once leaked, proper governmental approval procedures should be followed. After obtaining the governmental clearance, the Domestic Company disclosing such information, as one party, and the securities companies and securities services providers receiving such information, as the other party, shall also enter into non-disclosure agreements, setting forth the confidentiality obligations of the securities companies and securities services providers. When providing the above information to the securities companies and securities services providers retained by it, the Domestic Companies are also required to issue a written statement outlining their compliance with the relevant regulatory requirements and procedures.

In terms of providing 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 complied with. Any violation of the above regulations may subject the Domestic Companies to regulatory penalties under the Safeguarding State Secrets Law of the PRC (《中華人民共和國保守國家秘密法》) and the Archives Law of the PRC (《中華人民共和國檔案法》) and even criminal liabilities to the extent applicable.

CSRC requirements for full circulation

"Full Circulation" represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) (the "**Guidelines for the Full Circulation**"), which was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》).

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. After the filing with the CSRC for full circulation has been completed, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDC of the shares related to the application has been completed.

On September 20, 2024, China Securities Depository and Clearing (Hong Kong) Limited also promulgated the revised Guide of China Securities Depository and Clearing (Hong Kong) Limited to the Program for Full Circulation of H-shares (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》), which came into effect on September 23, to specify the relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

To align with the adjustment of the charging standards for share settlement fees (continuous net settlement) in the Hong Kong market, on June 27, 2025, the Shenzhen Branch of the CSDC amended the Guide to the Program for "Full Circulation" of H-shares of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》), which has come into force as of June 30, 2025.