This section sets forth a summary of the most significant laws and regulations that affect our business activities in the PRC.

(I) REGULATIONS RELATING TO CYBERSECURITY AND DATA PROTECTION

1. Regulations relating to cybersecurity

Pursuant to the National Security Law of the PRC (《中華人民共和國國家安全法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on July 1, 2015 with effect from the same date, no individual or organization shall engage in any act that compromises national security or provide any funding or assistance to any individual or organization that compromises national security. The State shall establish the rules and mechanisms for national security review and regulation and shall conduct national security review on foreign investments, particular items and key technologies, network information technology products and services that affect or may affect national security, construction projects concerning national security and other major matters and activities to effectively prevent and resolve national security risks.

Pursuant to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016, and came into force on June 1, 2017, last revised on October 28, 2025 and taking effect on January 1, 2026, the State shall implement a hierarchical cybersecurity protection system and network operators shall comply with the provisions of laws and regulations as well as the mandatory requirements of the national and industry standards, formulate internal security management systems and adopt technical and other necessary measures to ensure security and stable operation of the network. The State focuses on the protection of critical information infrastructure in important sectors and areas such as public telecommunications and information services, energy, transportation, water resources, finance, public services and e-government, among others, where any damage may gravely compromise national security, national economy, people's livelihood and public interests. Personal information and important data collected or generated by critical information infrastructure during operation shall be stored within the PRC. Where it is indeed necessary to provide such information or data overseas due to business requirements, a security assessment shall be conducted according to the requirements of relevant departments. The Cybersecurity Law of the PRC also specifies that network operators in violation of the provisions thereof may be subject to penalties, such as being ordered to make rectifications, given warnings or fines, confiscated of unlawful gains, ordered for temporary suspension of operations, suspension of business for rectification, shutting down of websites, revocation of relevant operations permits, etc.

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021 with effect from September 1, 2021, the State shall establish a data classification and hierarchical protection system. Utilization of the internet and other information networks to carry out data processing activities shall, subject to the hierarchical cybersecurity protection system, fulfill the obligations of data security protection. Processors of important data shall evaluate the risk of their data processing activities periodically in accordance with regulations and file risk assessment reports with the relevant competent authorities.

Pursuant to the Cybersecurity Law of the PRC, the key network equipment and specialized cybersecurity products shall, in accordance with the compulsory requirements of relevant national standards, pass the security certification conducted by qualified institutions or meet the requirements of security detection before being sold or provided.

Pursuant to the Cybersecurity Law of the PRC, network product providers shall perform their obligations as to: (i) shall not install malware; (ii) shall immediately take remedial measures, inform users in a timely manner and report to the competent department in the case when a provider discovers any risk such as security defect and vulnerability of its network products; and (iii) shall continuously provide security maintenance for their products. If any violation of the above obligations occurs, the competent government authority may have the power to order the provider to take corrective action. Where the provider refuses to take corrective action or consequences such as endangering cybersecurity are caused, the providers may be subject to a fine up to RMB500,000 and their directly responsible person in charge may be fined for no more than RMB100,000.

According to the Measures for Cybersecurity Review (《網絡安全審查辦法》) jointly promulgated by the Cyberspace Administration of China and 12 other departments on December 28, 2021 with effect from February 15, 2022, network platform operators with access to personal information of more than 1 million users who seek listing overseas are obliged to apply for cybersecurity review by the Cybersecurity Review Office. Where the State secret information is involved, the relevant state confidentiality provisions shall apply. Where the State maintains in place other provisions on security review of data and foreign investments, such provisions shall also be observed.

According to the Regulations of the PRC on Protecting the Security of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》) promulgated by the State Council on January 8, 2011 with effect from the same date, no organization or individual is allowed to utilize computer information systems to engage in activities that compromise the interests of the State, collective interests, or the lawful interests of citizens, nor are they allowed to jeopardize the security of computer information systems. These regulations aim to safeguard the security of computer information systems, promote the application and development of computers and specify the security protection system, security supervision and legal liabilities for computer information systems.

According to the Regulations on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021 with effect from September 1, 2021, critical information infrastructure refers to significant network facilities and information systems in such key industries and fields as public communication and information services, energy, transportation, water resources, finance, public services, e-government and science and technology industries for national defense, etc. as well as those that, if damaged, impaired, or subject to data leakage, may greatly compromise national security, national economy and people's livelihood and public interests. These regulations emphasize that no individual or organization may carry out activities that unlawfully intrude into, interfere with, or disrupt critical information infrastructure, nor may they jeopardize the security of critical information infrastructure.

Pursuant to the Network Data Security Management Regulations (《網絡數據安全管理條例》) promulgated by the State Council on September 24, 2024 with effect from January 1, 2025, processors of network data shall, in accordance with the provisions of laws, administrative regulations and the mandatory requirements of national standards and subject to the hierarchical cybersecurity protection system, strengthen network data security protection, establish and improve network data security management systems and adopt technical means such as encryption, backup, access control, security authentication and other necessary measures to protect network data from being tampered, destroyed, divulged, or illegally acquired and exploited, address cybersecurity incidents, prevent illegal and criminal activities targeting and exploiting network data and assume primary responsibility for the security of the network data they process. The Network Data Security Management Regulations also stipulate that network data processors shall establish and improve emergency response plans for cybersecurity incidents. In the event of cybersecurity incidents, they shall immediately activate the response plan, take measures to prevent escalation, eliminate security risks and report to the relevant competent authorities in accordance with regulations.

According to the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) promulgated by the Ministry of Public Security, the State Secrecy Bureau, the State Cipher Code Administration and the former Information Office of the State Council on June 22, 2007 with effect from the same date, the security protection of information systems is classified into five grades based on the degree of harm they cause after destruction to the legitimate rights and interests of citizens, legal persons and other organizations, social order and public interests, as well as national security. The operators or users of an information system shall determine its security protection grade in accordance with the Administrative Measures for the Hierarchical Protection of Information Security and the Guidelines for Grading the Security Protection of Information Systems (《信息系統安全等級保護定級指南》). For an information system of Grade II or above which has been put into operation (in running status), its operator or user shall, within 30 days from the determination of the security protection grade, complete the filing procedures with the public security organ at the municipal level or above in the place of domicile with districts established. For a newly built information system of Grade II or above, its operator or user shall, within 30 days after it is put into operation, complete the filing procedures with the public security organ at the municipal level or above in the place of domicile with districts established.

The Regulations on the Management of Security Vulnerabilities in Network Products (《網絡產品安全漏洞管理規定》) jointly promulgated by the Ministry of Industry and Information Technology (hereinafter referred to as the "**MIIT**"), the Cyberspace Administration of China and the Ministry of Public Security on July 12, 2021 with effect from September 1, 2021 regulated the processes for uncovering, reporting, patching and disclosing of security vulnerabilities in network products and specified the responsibilities and obligations of relevant entities, including network product providers and network operators, in vulnerability management to prevent cybersecurity incidents arising from manipulation of security vulnerabilities in network products.

2. Regulations relating to data protection

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021 with effect from September 1, 2021, a data classification and hierarchical protection system has been established based on the significance of data in economic and social development, as well as the degree of harm to national security, public interests, or the lawful rights and interests of individuals and organizations in the event of tampering, destruction, leakage, illegal acquisition or exploitation. It also provides for a security review procedure for the data activities which may affect national security. In addition, the Data Security Law of the PRC provides that processors of important data shall designate a data security officer and establish a management body to perform data security protection responsibilities and such processors shall evaluate the risk of their data processing activities periodically in accordance with requirements and file risk assessment reports with the relevant competent authorities. Furthermore, institutions providing data transaction intermediary services shall verify the sources of data, the identities of parties involved in the data transactions and maintain corresponding records.

According to the Measures for Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) promulgated by the Cyberspace Administration of China on July 7, 2022 with effect from September 1, 2022, data processors who transfer data overseas shall, through the provincial-level cyberspace administration department in their locality, apply to the national cyberspace administration department for a security assessment of cross-border data transfer under any of the following circumstances: (1) where the data processors transfer important data overseas; (2) where operators of critical information infrastructure or data processors handling the personal information of more than one million individuals transfer personal information overseas; (3) where data processors who have cumulatively transferred overseas the personal information of 100,000 individuals or the sensitive personal information of 10,000 individuals since January 1 of the previous year transfer personal information overseas; and (4) other circumstances where a security assessment of cross-border data transfer is required as stipulated by the national cyberspace administration department.

Pursuant to the Network Data Security Management Regulations promulgated by the State Council on September 24, 2024 with effect from January 1, 2025, network data processors carrying out network data processing activities that affect or may affect national security shall undergo a national security review in accordance with relevant national provisions. Network data processors handling the personal information of more than 10 million individuals shall further comply with the regulations applicable to network data processors handling important data.

Pursuant to the Measures for the Administration of Data Security in the Industrial and Information Technology Sectors (Trial) (《工業和信息化領域數據安全管理辦法(試行)》) adopted by the MIIT on December 8, 2022 with effect from January 1, 2023, where network data processors conduct network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant national provisions. Concurrently, network data processors shall identify and report important data in accordance with relevant national provisions. Upon confirmation as important data, relevant regional or departmental authorities shall promptly notify the network data processors or publicly announce such confirmation. Network data processors shall fulfill their network data security protection responsibilities. Processors of important data shall designate a network data security officer and establish a network data security management body. The network data security management body shall fulfill the responsibility of network data security protection. Processors of important data shall conduct annual risk assessments of their network data processing activities and submit risk assessment reports to the relevant competent authorities at or above the provincial level.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the National People's Congress (the "**NPC**") on May 28, 2020 with effect from January 1, 2021, the personal information of natural persons shall be protected by law. Any organization or individual must lawfully obtain the personal information of others and ensure its security; they may not unlawfully collect, use, process, or disseminate the personal information of others, nor may they unlawfully trade, provide, or disclose such personal information.

According to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021 with effect from November 1, 2021, personal information refers to any kind of information related to an identified or identifiable natural person as electronically or otherwise recorded but excluding any anonymized information. The personal information of natural persons shall be protected by law. No organization or individual may infringe upon the rights and interests relating to personal information of natural persons. The processing of personal information shall comply with the principles of lawfulness, legitimacy, necessity and good faith, with a clear and reasonable purpose directly related to the processing objective. It shall be conducted in a manner that has the least impact on individual rights and interests and is limited to the minimum scope necessary for achieving the processing objective. Processing rules shall be made public, information quality shall be ensured and security measures shall be taken to prevent the leakage, tampering, or loss of personal information.

According to the Measures for the Standard Contract for the Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) promulgated by the Cyberspace Administration of China on February 22, 2023 with effect from June 1, 2023, personal information processors shall conduct a personal information protection impact assessment before transferring personal information overseas. Personal information processors providing personal information overseas through standard contracts shall satisfy the following conditions simultaneously: (1) they are not critical information infrastructure operators; (2) they process personal information of less than 1 million individuals; (3) they have cumulatively transferred overseas the personal information of fewer than 100,000 individuals since January 1 of the previous year; and (4) they have cumulatively transferred overseas the sensitive personal information of fewer than 10,000 individuals since January 1 of the previous year. Where it is otherwise provided in any law or administrative regulations, or by the national cyberspace administration department, those provisions shall prevail. Personal information processors shall not, by means such as splitting quantities, transfer personal information overseas that should otherwise undergo an outbound security assessment in accordance with the law through the conclusion of a standard contract. Violations of the Measures for the Standard Contract for the Outbound Transfer of Personal Information shall be dealt with in accordance with the Personal Information Protection Law of the PRC and other relevant laws and regulations. Where such violations constitute a crime, criminal liability shall be pursued in accordance with the law.

According to the Amendment to the Criminal Law of the PRC (IX) (《中華人民共和國刑法修正案(九)》) promulgated by the SCNPC on August 29, 2015 with effect from November 1, 2015, network service providers who breach the obligation of information cyber security management stipulated under the relevant laws and refuse to rectify after being ordered by relevant authorities shall be subject to criminal liability.

(II) REGULATIONS RELATING TO PRODUCT QUALITY

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, last revised on December 29, 2018 and with effect from the same date, producers shall be responsible for the quality of the products they produce, which shall not pose unreasonable risks to personal or property safety and shall possess the intended performance for use with the applicable product standards indicated on the product or its packaging. Where personal injury or damage to the property of others is caused by a defect in a product, the victim may claim compensation from the producer of the product or from its seller. Producers or sellers that manufacture or sell non-compliant products shall be ordered to cease production or sales, have the unlawfully produced or sold products confiscated and be subject to fines; any illegal gains shall also be confiscated. In cases of serious non-compliance, the business license may be revoked; if a crime is constituted, criminal liability shall be pursued according to law.

Pursuant to the Civil Code of the PRC promulgated by the NPC on May 28, 2020 with effect from January 1, 2021, where a defect in a product causes harm to others, the producer shall bear tort liability. Where harm is caused to others due to a defect in a product, the infringed party may claim compensation from the producer of the product or from its seller. If the defect is attributable to the producer, the seller, after paying compensation, shall have the right to recover from the producer. If the defect is due to the fault of the seller, the producer, after paying compensation, shall have the right to recover from the seller. Where a defect in a product endangers the personal or property safety of others, the infringed party shall have the right to request the producer or seller to assume tort liability such as ceasing the infringement, removing obstacles, or eliminating dangers.

(III) REGULATIONS RELATING TO INTELLECTUAL PROPERTY

1. 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, last revised on October 17, 2020 and with effect from June 1, 2021 and the Implementing Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, last revised on December 11, 2023 and with effect from January 20, 2024, patents shall fall into three categories, namely invention patents, utility model patents and design patents. Calculated from the date of application, invention patent shall be valid for 20 years, utility model patent shall be valid for 10 years and design patent shall be valid for 15 years.

2. Copyrights

In accordance with the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, last revised on November 11, 2020 and with effect from June 1, 2021, copyrights shall include personal rights such as the right of publication and attribution, as well as property rights such as the right of reproduction and distribution. The scope of copyright protection has been extended to internet activities, products disseminated over the internet and software products. Unless otherwise provided by the Copyright Law of the PRC, reproduction, distribution, performance, screening, broadcasting, compilation, or communication to the public via information networks of a work without the permission of the copyright owner constitutes copyright infringement. Infringers shall bear civil liabilities such as ceasing the infringement, eliminating the effects, offering a formal apology and compensating for losses.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration with effect from February 20, 2002 and the Regulations on Computer Software Protection (《計算機軟件保護條例》) revised by the State Council on January 30, 2013 with effect from March 1, 2013, the National Copyright Administration is primarily responsible for the registration and management of national software copyrights 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 Regulations on Computer Software Protection.

3. Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last revised on April 23, 2019 and with effect from November 1, 2019 and the Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, revised on April 29, 2014 and with effect from May 1, 2014, registered trademarks in China shall include product trademarks, service trademarks, collective trademarks and certification trademarks. The validity period of a registered trademark shall be ten years, calculated from the date of registration approval. Where it is necessary to continue using a registered trademark upon the expiration of its validity period, renewal procedures shall be completed in accordance with regulations within 12 months prior to the expiration date. A grace period of six months is provided and each renewal registration is valid for 10 years, calculated from the day following the expiration of the previous validity period of the trademark.

4. Domain names

Pursuant to the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 with effect from November 1, 2017, as well as the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the MIIT on November 27, 2017 with effect from January 1, 2018, the MIIT shall exercise oversight and administration over domain name services nationwide. Domain names used by internet information service providers for engaging in internet information services must be legally and compliantly registered and owned by them. Domain name registration shall be processed through domain name service institutions established in accordance with relevant regulations and the applicant becomes the domain name holder upon successful registration.

5. Trade secrets

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on September 2, 1993, last revised on June 27, 2025 and with effect from October 15, 2025 and the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving the Infringement of Trade Secrets (《最高人民法院關於審理侵犯商業秘密民事案件適用法律若干問題的規定》) promulgated by the Supreme People's Court on September 10, 2020 with effect from September 12, 2020, trade secrets refer to commercial information, such as technical information and business information, that is not known to the public, has commercial value and for which the holder has taken corresponding confidentiality measures. Business operators shall not engage in the following acts that infringe upon trade secrets: (1) acquiring trade secrets of a holder by theft, bribery, fraud, coercion, electronic intrusion, or other improper means; (2) disclosing, using, or allowing others to use trade secrets of a holder obtained through the means mentioned in the preceding item; (3) disclosing, using, or allowing others to use trade secrets in their possession in violation of confidentiality obligations or in breach of the holder's requirements for keeping the trade secrets confidential; and (4) abetting, inducing, or assisting others in violating confidentiality obligations or the holder's requirements for keeping trade secrets confidential, thereby obtaining, disclosing, using, or allowing others to use the trade secrets of the holder.

(IV) REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL SECURITIES

1. Labor contract and labor law

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, last revised on December 29, 2018 and with effect from the same date and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, last revised on December 28, 2012 and with effect from July 1, 2013, laborers shall enjoy the rights to equal employment and choice of occupation, labor remuneration, rest and leave, occupational safety and health protection, vocational skills training, social insurance and welfare benefits, labor dispute resolution and other labor rights prescribed by law. Employers shall establish and improve rules and regulations in compliance with the law to safeguard the labor rights of laborers and ensure the fulfillment of their labor obligations. An employer shall conclude a written labor contract when establishing an employment relationship with a laborer. Where an employer fails to comply with the aforementioned laws and regulations, the labor administration authority shall have the power to issue warnings, order rectifications, impose fines, suspend operations for rectification, or take other measures. In case of any harm caused to laborers, the employer shall be liable for compensation; if the relevant illegal action constitutes a crime, criminal liability shall also be pursued.

2. Social insurance

Pursuant to the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999, last revised on March 24, 2019 and with effect from the same date, enterprises shall register for social insurance with the local social insurance department and contribute or withhold the relevant social insurance on behalf of their employees. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, last revised on December 29, 2018 and with effect from the same date and other relevant provisions, employers and individuals in the PRC shall pay social insurance premiums in accordance with the law, including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance. Where the employer fails to pay social insurance premiums in full and on time, the social insurance premium collection agency shall have the right to order it to make payment or supplement the amount within a specified period and impose a late payment surcharge on a daily basis from the date of default. Where payment is still not made after the deadline, the relevant administrative department shall impose a fine.

3. Housing provident fund

Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, last revised on March 24, 2019 and with effect from the same date, employers shall register with the competent housing provident fund management center and make timely and full contributions to the housing provident fund for its employees. Where an employer fails to make contributions or contributes less than the required amount by the deadline, the housing provident fund management center shall order it to make the contributions within a specified period; failing which, an application for enforcement may be made to a people's court.

(V) REGULATIONS RELATING TO TAXATION

1. Enterprise income tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") promulgated by the NPC on March 16, 2007, last revised on December 29, 2018 and with effect from the same date and the Implementing Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the "**Implementing Regulations of the EIT Law**") promulgated by the State Council on December 6, 2007, last revised on December 6, 2024 and with effect from January 20, 2025, domestic enterprises established in the PRC according to law qualify as resident enterprises. Resident enterprises shall pay enterprise income tax at the statutory rate of 25% on their income generated from the PRC, eligible small and low-profit enterprises shall be taxed at a reduced rate of 20% and State-designated high-tech enterprises shall be taxed at a reduced rate of 15%.

2. Value-added tax (VAT)

According to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) promulgated by the SCNPC on December 25, 2024 with effect from January 1, 2026 (the "**VAT Law**") and the Implementation Regulations of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》) promulgated by the State Council on December 25, 2025 with effect from January 1, 2026, entities and individuals engaged in the sale of goods, services, intangible assets, or property and the import of goods in the PRC shall be VAT taxpayers subject to VAT. Unless otherwise provided in the VAT Law, the VAT rate for taxpayers selling or importing goods shall be flat at 13%.

Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-Added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) jointly promulgated by the Ministry of Finance and the State Taxation Administration on April 4, 2018 with effect from May 1, 2018, the VAT rates of 17% or 11% previously applicable to taxpayers engaged in sales activities or import of goods subject to payment of VAT have been adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Policies Concerning the Deepening of Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on March 20, 2019 with effect from April 1, 2019, the VAT rates of 16% or 10% previously applicable to taxpayers engaged in sales activities or import of goods subject to payment of VAT have been adjusted to 13% and 9%, respectively.

In addition, pursuant to the Announcement on the Policy of Reducing and Exempting VAT for Small-scale VAT Taxpayers (《關於增值稅小規模納稅人減免增值稅政策的公告》) promulgated by the Ministry of Finance and the State Taxation Administration on August 1, 2023 with effect from the same date, until December 31, 2027, small-scale VAT taxpayers with monthly sales revenue of RMB100,000 or less (inclusive) shall be exempt from VAT. Small-scale VAT taxpayers with sales revenue subject to a rate of 3% shall be levied at a reduced rate of 1% and prepaid VAT items subject to a rate of 3% shall be levied at a reduced rate of 1%.

3. Taxation relating to dividend distribution

Under the Arrangement Between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) promulgated by the State Taxation Administration on August 21, 2006 with effect from December 8, 2006 and related protocols, where a Hong Kong enterprise directly holds no less than 25% of the equity interests in a Chinese company, dividends distributed to it shall be taxed at a rate of 5%; otherwise, income tax shall be paid at a rate of 10%.

In accordance with the Administrative Measures for the Treatment of Non-Resident Taxpayers under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》) promulgated by the State Administration of Taxation on October 14, 2019 with effect from January 1, 2020, non-resident taxpayers are entitled to preferential treatment under tax treaties through "self-determination, declaration for enjoyment and retention of relevant data for future verification." Where a non-resident taxpayer determines on his/her/its own that he/she/it meets the conditions for treaty benefits, he/she/it may, at the time of tax filing or through the withholding agent at the time of withholding filing, enjoy the treaty benefits on his/her/its own, while concurrently compiling and retaining the relevant data for future verification in accordance with regulations and shall be subject to follow-up administration by the tax authorities.

(VI) REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION AND ANTI-MONOPOLY

According to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007, last revised on June 24, 2022 and with effect from August 1, 2022, prohibited monopoly conducts include the monopoly agreements by business operators, abuse of market dominance and concentration of business operators that may have the effect of eliminating or restricting competition. The anti-monopoly law enforcement agencies designated by the State Council shall be responsible for the enforcement of the anti-monopoly law in accordance with the provisions of the Anti-Monopoly Law. Business operators who violate the provisions of the Anti-Monopoly Law of the PRC shall be ordered by the anti-monopoly law enforcement agencies to cease the illegal act and be imposed a fine.

Pursuant to the Anti-Unfair Competition Law of the PRC promulgated by the SCNPC on September 2, 1993, last revised on June 27, 2025 and with effect from October 15, 2025, business operators shall, during their production and operation activities, abide by the principles of voluntariness, equality, fairness and good faith and comply with laws and business ethics. Business operators shall not engage in market transactions through improper means to harm competitors, including but not limited to abuse of power or influence to manipulate transactions, market confusion, commercial bribery, false or misleading advertising, trade secret infringement, predatory pricing, fraudulent prize promotions and commercial defamation. Any business operator who violates the Anti-Unfair Competition Law of the PRC by engaging in the aforementioned unfair competition activities will be ordered to suspend the relevant illegal activities, eliminate the impact of such activities, or be liable for damages caused to any party. The competent supervision and inspection authorities may also confiscate the illegal gains or impose fines on such business operators.

(VII) REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERINGS AND LISTINGS BY DOMESTIC ENTERPRISES

1. Regulations relating to overseas listings

Pursuant to the Securities Law of the PRC (《中華人民共和國證券法》) promulgated by the SCNPC on December 29, 1998, last revised on December 28, 2019 and with effect from March 1, 2020, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading on overseas exchanges shall comply with the relevant regulations of the State Council.

According to the Provisional Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Measures for the Administration of Overseas Listing**") promulgated by the China Securities Regulatory Commission of the PRC (the "**CSRC**") on February 17, 2023 with effect from March 31, 2023 and supporting guidelines, the overseas offering and listing activities of domestic enterprises shall be in strict compliance with laws, administrative regulations and relevant provisions on national security concerning foreign investment, cybersecurity, data security and etc. and earnestly fulfill the obligations to protect national security, shall not disrupt domestic market order, or harm national interests, public interests and the legitimate rights and interests of domestic investors. Where a security review is required, the relevant security review procedures shall be completed in accordance with the law before an application for offering and listing is submitted to overseas securities regulatory authorities, exchanges, or other relevant institutions.

The Measures for the Administration of Overseas Listing provide that an overseas offering and listing is prohibited under any of the following circumstances: (1) where laws, administrative regulations, or relevant State provisions explicitly prohibit listing for financing; (2) where the relevant competent department under the State Council, upon review in accordance with the law, determines that the overseas offering and listing may endanger national security; (3) where the domestic enterprise or its controlling shareholder or de facto controller has been convicted of a criminal offense involving corruption, bribery, misappropriation of property, embezzlement of property, or disruption of the socialist market economic order within the last three years; (4) where the domestic enterprise is under formal investigation for suspected criminal offenses or major violations of laws and regulations and no clear conclusion has yet been reached; and (5) where there exists a major ownership dispute over the equity held by the controlling shareholder or by shareholders under the control of the controlling shareholder or de facto controller.

Where a domestic enterprise violates the provisions of the Measures for the Administration of Overseas Listing by failing to complete the filing procedures, conducting an overseas offering and listing in violation of regulations, or submitting filing materials that contain false records, misleading statements, or material omissions, the CSRC shall order it to make corrections, issue a warning and impose a fine. The directly responsible person-in-charge and other directly responsible personnel shall also be given a warning and subject to a fine. In serious cases, the CSRC may impose market entry bans on the relevant responsible personnel. If a crime is constituted, criminal liability shall be pursued in accordance with the law.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) promulgated by the CSRC, the Ministry of Finance, the State Secrecy Bureau and the National Archives Administration on February 24, 2023 with effect from March 31, 2023, where a domestic enterprise provides or publicly discloses documents and materials involving State secrets or work secrets of State organs to relevant securities firms, securities service institutions, overseas regulatory authorities, or other entities and individuals, or do so through their overseas listing entities, such enterprise shall report to the competent authorities with the relevant jurisdiction according to law and report to the confidentiality administrative authorities at the same level for record. The working papers generated in the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas offering and listing of domestic enterprises shall be kept in the PRC. Where cross-border transfer is necessary, the relevant approval procedures shall be completed in accordance with relevant national provisions. In the course of overseas offering and listing activities by domestic enterprises, any entity or individual violating laws and regulations such as the Law of the PRC on Guarding State Secrets (《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》) shall be held legally liable by the relevant authorities in accordance with the law; where a crime is suspected, the case shall be transferred to judicial authorities for criminal liability investigation in accordance with the law.

2. Regulations relating to foreign exchange administration of overseas listing

According to the Notice of the PBOC and the SAFE on Relevant Issues Regarding the Fund Management of Overseas Listing of Domestic Enterprises (Yin Fa [2025] No. 252) (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) (銀發[2025]252號) jointly issued by the PBOC and the SAFE on December 24, 2025 and effective on April 1, 2026, matters concerning the management of funds in respect of the overseas offering and listing or issuance of overseas depositary receipts by joint-stock companies registered in the domestic market, after CSRC filing, shall be subject to this Notice.

A domestic enterprise seeking an overseas listing shall, within 30 working days after the first trading day of its overseas listing or the completion of the over-allotment, apply for overseas listing registration with a bank in the region of the province or municipality with independent planning status where it is registered. After the overseas listing of a domestic enterprise, if its domestic shareholders reduce their holdings of overseas listed shares, they shall apply for the reduction registration with the bank at the place where the domestic shareholders are located within 30 working days before or after the reduction. Domestic shareholders increasing their holdings of overseas shares in domestic enterprises shall, within 20 working days prior to the proposed increase, apply to the local branch of the State Administration of Foreign Exchange for registration of the increase. Proceeds from reduction of holdings and transfer of shares in overseas enterprises by domestic shareholders shall, in principle, be remitted back to the PRC in a timely manner.

(VIII) REGULATIONS RELATING TO THE H-SHARE FULL CIRCULATION

Full circulation refers to the listing and trading on the Stock Exchange of the domestic unlisted shares of H-share companies, including unlisted domestic shares held by domestic shareholders prior to the overseas listing, unlisted domestic shares issued domestically after the overseas listing and unlisted shares held by foreign shareholders. Pursuant to the Guidelines for

H-Share Companies on Applying for Full Circulation of Domestic Unlisted Shares (《H股公司境內未上市股份申請全流通業務指引》) promulgated by the CSRC on November 14, 2019, revised on August 10, 2023 and with effect from the same date, subject to compliance with relevant laws and regulations as well as policies concerning State-owned asset management, foreign investments and industry regulation, holders of domestic unlisted shares may independently determine the quantity and proportion of shares for which they apply for circulation through mutual consultation and shall entrust the H-share company to complete the filing with the CSRC. Domestic joint-stock companies that are not yet going public may submit the filing for "full circulation" to the CSRC concurrently on their initial overseas public offering and listing.

Holders of domestic unlisted shares shall, in accordance with the relevant business rules of China Securities Depository and Clearing Corporation Limited (the "**CSDC**"), complete the share transfer registration procedures, fulfill the processes for share registration and listing in compliance with the relevant regulations of the Hong Kong market and conduct information disclosure in accordance with applicable laws and regulations. Once the domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to the domestic market. Holders of domestic unlisted shares may increase or reduce their holdings of the shares traded on the Hong Kong Stock Exchange in accordance with the relevant business rules. A domestic enterprise that has issued securities overseas shall submit a relevant status report to the CSRC within 15 days after the underlying shares have completed the transfer registration with the CSDC.

The Guidelines for the 'Full Circulation' Program of H Shares by 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》) promulgated by Shenzhen Branch of the CSDC on September 20, 2024, revised on June 27, 2025 and with effect from June 30, 2025 clearly provides for business arrangements and procedures related to H-share full circulation, including business preparation, cross-border share transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic shareholding details, corporate behavior processing, clearing and settlement, risk management and business charges.