REGULATIONS RELATING TO MOTORS, DRIVES AND CONTROL SYSTEMS

On 8 May 2015, the State Council issued "Made in China 2025", which proposed to promote the deep integration of informatisation and industrialisation, and to accelerate the development of intelligent manufacturing equipment and products. Achieve breakthroughs in intelligent core devices such as new sensors, intelligent measurement instruments, industrial control systems, servo motors and drives, and reducers, and promote engineering and industrialisation. Vigorously promote breakthrough development in key areas. Develop a batch of sophisticated, high-speed, high-efficiency, and flexible CNC machine tools, basic manufacturing equipment, and integrated manufacturing systems. Accelerate the research and development of frontier technologies and equipment such as high-end CNC machine tools and additive manufacturing. Focusing on enhancing reliability and precision retention, develop high-end CNC systems, servo motors, bearings, gratings, and other major functional components as well as key application software, and accelerate the realisation of industrialisation.

On 21 December 2021, government departments including the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Education, the Ministry of Science and Technology and the Ministry of Finance jointly issued the "14th Five-Year Plan for Smart Manufacturing Development", which included industrial control equipment such as advanced controllers, high-precision servo drive systems, intelligent CNC systems, high-end distributed control systems, programmable logic controllers, and supervisory control and data acquisition systems in the smart manufacturing equipment innovation and development action.

On 7 July 2022, the Ministry of Industry and Information Technology, the National Development and Reform Commission and the Ministry of Ecology and Environment issued the "Implementation Plan for Carbon Peaking in the Industrial Sector" to improve the energy efficiency of key energy-consuming equipment. Implement energy efficiency improvement plans for transformers, motors and other equipment, and promote energy-saving renovation and upgrading of key energy-consuming equipment systems such as industrial furnaces, boilers, compressors, fans and pumps. Focus on the promotion of new energy-saving equipment such as rare-earth permanent magnet ironless motors, ultra-high power high-voltage frequency conversion transformers, triangular solid wound core transformers, controllable heat pipe energy-saving heat treatment furnaces, variable frequency stepless speed control fans and magnetic levitation centrifugal fans.

According to the Guidance Catalogue for the Adjustment of Industrial Structure (2024 Version) issued by the National Development and Reform Commission on 27 December 2023 and implemented on 1 February 2024, key components such as high-precision reducers for robots, high-performance servo systems, intelligent controllers and intelligent integrated joints, as well as CNC systems for high-end CNC machine tools, servo drives and motors, and electric vehicle drive motor systems, are all listed as encouraged industries.

On 7 March 2024, the State Council issued the Action Plan for Promoting Large-scale Equipment Renewal and Trade-in of Consumer Goods. It is proposed that, in order to coordinate the expansion of domestic demand and the deepening of supply-side structural reform, four major actions — equipment updates, trade-in of consumer goods, recycling and reuse, and standard enhancement — shall be implemented to vigorously promote the production and application of advanced equipment and to drive a new round of large-scale equipment updates and trade-in of consumer goods. These include measures such as supporting the renewal of transportation equipment and old agricultural machinery, and it is expected that downstream industrial demand will continue to grow.

On 13 February 2026, the Ministry of Industry and Information Technology, the National Development and Reform Commission, the State-owned Assets Supervision and Administration Commission of the State Council and the National Energy Administration jointly issued the

"Implementation Plan for the High-Quality Development of Energy-Saving Equipment (2026-2028)". It is proposed to accelerate the research, development and promotion of advanced energy-saving equipment; promote the research, development and upgrading of basic materials and core components required for motors with energy efficiency exceeding Level 1 and wide-range high efficiency; and accelerate the promotion and application of high-efficiency energy-saving asynchronous motors, wide-range permanent magnet motors, direct-drive motors, magnetic levitation motors and high-precision industrial servo motors. Develop energy-saving motors with strong applicability and high matching performance for specific operating conditions such as ultra-low speed, ultra-high speed, frequent load variations, high response speed, low-speed high torque and starting under high-inertia loads.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection

Pursuant to the Environmental Protection Law of the People's Republic of China (the "**Environmental Protection Law**") promulgated by the Standing Committee of the National People's Congress on 26 December 1989, amended on 24 April 2014 and effective on 1 January 2015, any enterprises and public institutions that discharge or will discharge pollutants during their operations or other activities shall adopt effective environmental protection measures and procedures to control and properly treat waste gas, wastewater, waste residue, dust, malodorous gases, radioactive substances, noise, vibration, electromagnetic radiation and other hazards generated during such activities.

On 28 October 2002, the Standing Committee of the National People's Congress promulgated the Environmental Impact Assessment Law of the People's Republic of China, which was last amended on 29 December 2018. Pursuant to the Environmental Impact Assessment Law, the State Council implements environmental impact assessments and classifies construction projects based on their environmental impact.

Pursuant to the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects effective on 20 November 2017 and the Regulations on the Administration of Construction Project Environmental Protection amended on 16 July 2017 and implemented on 1 October 2017, upon completion of a construction project for which an environmental impact report or an environmental impact statement is required, the construction unit shall conduct environmental protection acceptance of the completed project and prepare an acceptance report in accordance with the standards and procedures prescribed by the environmental protection administrative department. Construction projects for which an environmental impact report or an environmental impact statement is required to be issued may only be put into production or use after they have passed the environmental protection inspection and acceptance upon completion.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

According to the Product Quality Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on 22 February 1993 and last amended on 29 December 2018, where products are produced or sold that do not comply with national or industry standards for the protection of human health and the safety of person and property, the relevant party shall be ordered to cease production and sale, the products illegally produced or sold shall be confiscated, and a fine of not less than the value of the products illegally produced or sold (including products already sold and those not yet sold, the same shall apply hereinafter) and not more than three times such value shall be imposed; where there are illegal gains, such illegal gains shall be confiscated concurrently; where the circumstances are serious, the business licence shall be revoked; and where a crime is constituted, criminal liability shall be pursued in accordance with the law.

According to the Standardisation Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on 29 December 1988 and last amended on 4 November 2017, and the Implementation Regulations of the Standardisation Law of the People's Republic of China promulgated by the State Council on 6 April 1990, latest amended on 30 January 2026, and effective on 20 March 2026, products and services that do not conform to mandatory standards shall not be produced, sold, imported or provided. Meanwhile, the technical requirements for exported products and services shall be implemented in accordance with the provisions of the contract.

According to the Minimum Allowable Values of Energy Efficiency and Values of Efficiency Grades for Motors (GB18613-2020) (National Standard of the People's Republic of China) promulgated by the State Administration for Market Regulation and the Standardisation Administration of China on 29 May 2020 and implemented on 1 June 2021, the standard stipulates the energy efficiency grades, minimum allowable values of energy efficiency, and test methods that shall be satisfied by three-phase asynchronous motors, single-phase asynchronous motors, and motors for air conditioner fans that meet the specific ranges of indicators such as voltage, power, and number of poles.

LAWS AND REGULATIONS RELATING TO THE IMPORT AND EXPORT OF GOODS

According to the Foreign Trade Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on 12 May 1994, last amended on 27 December 2025 and implemented on 1 March 2026, the competent department for foreign trade under the State Council is in charge of foreign trade work nationwide. The competent department for foreign trade under the State Council shall, in conjunction with other relevant departments under the State Council, formulate, adjust and publish catalogues of goods and technologies whose import or export is restricted or prohibited. The competent department for foreign trade under the State Council or the said department jointly with other relevant departments under the State Council may, with the approval of the State Council and within the scope provided by law, make a temporary decision to restrict or prohibit the import or export of specific goods or technologies other than those listed in the catalogue referred to in the preceding paragraph.

According to the Measures for the Record-filing and Registration of Foreign Trade Operators promulgated by the Ministry of Commerce on 25 June 2004, implemented on 1 July 2004 and last amended on 10 May 2021, foreign trade operators engaged in the import or export of goods or technologies shall go through the record-filing and registration formalities with the Ministry of Commerce or its entrusted agencies, except where record-filing and registration are not required by any laws, administrative regulations or provisions of the Ministry of Commerce. Where a foreign trade operator fails to complete the filing and registration formalities in accordance with the relevant provisions, the Customs shall not process the customs declaration and clearance formalities for the import and export of goods.

According to the Notice on Matters Relating to the Record-filing of Consignors and Consignees of Imported and Exported Goods promulgated by the General Administration of Customs of the People's Republic of China on 3 January 2023 and effective on the same date, and the Provisions of the Customs of the People's Republic of China on the Administration of Record-filing of Customs Declaration Entities promulgated on 19 November 2021 and effective on 1 January 2022, consignors and consignees of imported and exported goods and customs declaration enterprises applying for record-filing shall obtain the status of a market entity; among which, consignors and consignees of imported and exported goods applying for record-filing shall also obtain the record-filing for foreign trade operators. Where consignors or consignees of imported or exported goods and customs declaration enterprises have completed the record-filing of customs declaration entities, their branch offices that meet the conditions set forth in the preceding paragraph may also apply for the record-filing of customs declaration entities.

REGULATIONS RELATING TO OVERSEAS DIRECT [REDACTED]

The Administrative Measures for Outbound Investment were promulgated by the Ministry of Commerce on 6 September 2014 and came into effect on 6 October 2014. According to the definition in the Administrative Measures for Outbound Investment, outbound **[REDACTED]** refers to the activities of enterprises legally established in the People's Republic of China possessing non-financial enterprises abroad or obtaining the ownership, control, operation and management rights and other interests of existing non-financial enterprises abroad through new establishment, merger and acquisition or other means. Overseas **[REDACTED]** by enterprises involving sensitive countries and regions or sensitive industries shall be subject to approval-based administration. Outbound **[REDACTED]** by enterprises under other circumstances shall be subject to record-filing administration. Local enterprises shall file for the record with the provincial-level competent commerce department at their place of location. Qualified enterprises shall be recorded by the provincial competent commerce departments and granted the Certificate of Overseas Investment by Enterprises.

LAWS AND REGULATIONS RELATING TO LABOUR AND SOCIAL SECURITY

Pursuant to the Labour Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on 5 July 1994 and last amended and newly effective on 29 December 2018, the Labour Contract Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on 29 June 2007 and effective on 1 January 2008 and amended on 28 December 2012 and newly effective on 1 July 2013, and the Implementation Regulations of the Labour Contract Law of the People's Republic of China promulgated by the State Council on 18 September 2008 and effective on the same date, employers shall strictly comply with national standards and provide relevant training to labourers to ensure that labourers enjoy labour rights and fulfil labour obligations.

According to the Social Insurance Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on 28 October 2010 and amended and newly effective on 29 December 2018, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums last amended and effective on 24 March 2019 by the State Council, enterprises in China shall pay pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and basic medical insurance for their employees in accordance with the statutory contribution bases and contribution proportions. If the relevant payments are not made to the relevant local administrative authorities in full and on time, the employing unit may be ordered to make up the shortfall or be subject to a fine.

According to the Regulations on the Administration of Housing Provident Fund promulgated by the State Council on 3 April 1999 and last amended and newly effective on 24 March 2019, employing units shall undergo housing provident fund deposit registration with the housing provident fund management centre and deposit housing provident fund contributions on time and in full. Where an employing unit fails to pay or underpays the housing provident fund within the prescribed time limit, the housing provident fund management centre shall order it to make the payment within a specified time limit; where the payment is still not made upon the expiration of the time limit, an application may be made to the People's Court for compulsory enforcement.

According to documents including the Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of Private Economy promulgated and effective on 16 November 2018 by the State Taxation Administration and the Opinions on Carrying out the 2021 'I Do Practical Things for Taxpayer Payers and Facilitate the People's Tax Spring Breeze Action' promulgated and effective on 11 February 2021, tax authorities at all levels shall carry out the normal collection and payment of social insurance premiums in an orderly manner, and shall not conduct centralised settlement of historical arrears on their own, nor increase the payment burden on enterprises, especially small, medium and micro enterprises, due to the transfer of social insurance premium collection responsibilities.

According to the provisions of the Notice of the General Office of the State Council on the Issuance of the 'General Plan for Lowering Social Insurance Premium Rate' promulgated and effective on 1 April 2019 by the General Office of the State Council, in the process of reforming the collection system, historical arrears of enterprises shall not be centrally collected and cleared on their own initiative, and no practises that increase the actual payment burden of small and micro enterprises shall be adopted, so as to avoid causing difficulties in the production and operation of enterprises.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Copyright

The Standing Committee of the National People's Congress promulgated the Copyright Law of the People's Republic of China (the "**Copyright Law**") on 7 September 1990, which came into effect on 1 June 1991 and was amended on 27 October 2001, 26 February 2010 and 11 November 2020, respectively, with the latest amendment coming into effect on 1 June 2021. Under the Copyright Law, Chinese citizens, legal persons or other organisations shall enjoy copyright in their works, whether published or not, including (among others) works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy several legal rights, including the right of publication, the right of authorship, and the right of reproduction. Infringers of copyright shall bear various civil liabilities, including ceasing the infringing acts, apologising to the copyright owner, and compensating the copyright owner for losses. In the event of serious circumstances, copyright infringers may also be subject to fines and/or assume administrative or criminal liability.

Trademarks

According to the Trademark Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on 23 August 1982, amended on 22 February 1993, 27 October 2001, 30 August 2013 and 23 April 2019 respectively and implemented on 1 November 2019, the Trademark Office of the State Administration for Industry and Commerce (the "**SAIC**") under the State Council is responsible for trademark registration and administration within the territory of China. The State Administration for Industry and Commerce under the State Council has established the Trademark Review and Adjudication Board to be responsible for handling trademark dispute matters. The period of validity of a registered trademark shall be ten years, commencing from the date of approval of registration. The registrant shall handle renewal procedures within twelve months prior to the expiry of the registration period. If the procedures fail to be completed within such period, a grace period of six months may be granted. Where the renewal procedures have not been completed upon the expiry of the grace period, the registered trademark shall be cancelled. The period of validity of a renewal of registration shall be ten years.

Patents

According to the Patent Law of the People's Republic of China (the "**Patent Law**") promulgated by the Standing Committee of the National People's Congress on 12 March 1984 and amended on 4 September 1992, 25 August 2000, 27 December 2008 and 17 October 2020 respectively, with the latest amendment effective from 1 June 2021, and the Implementing Regulations of the Patent Law of the People's Republic of China (the "**Implementing Regulations of the Patent Law**") promulgated by the State Council on 15 June 2001 and amended on 28 December 2002, 9 January 2010 and 11 December 2023 respectively, with the latest amendment effective from 20 January 2024, the patent administration department under the State Council is responsible for the administration of patent-related work nationwide, and the patent administration departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government are responsible for the administration of patent work within their respective administrative areas. The Patent Law and the Implementing Regulations of the Patent Law provide for three categories of patents, namely "inventions", "utility models" and "designs". The term of validity for invention patents shall be twenty years, and the term of validity for utility model patents shall be ten years; and, starting from 1 June 2021, the term of validity for design patents with an application date after 1 June 2021 shall be extended to fifteen years from the date of application.

Domain Names

On 24 August 2017, the Ministry of Industry and Information Technology promulgated the Administrative Measures on Internet Domain Names (the "**Domain Name Management Measures**"), which came into effect on 1 November 2017. The Domain Name Management Measures regulate domain name registration matters, such as the country code top-level domain for China, which is ".CN". On 18 June 2019, the China Internet Network Information Centre ("**CNNIC**") issued the "Announcement on the Issuance and Implementation of the Series of Provisions of the 'Detailed Rules for the Implementation of National Top-Level Domain Name Registration'", pursuant to which CNNIC may authorise domain name dispute resolution institutions to make decisions on domain name-related disputes.

REGULATIONS RELATING TO REAL PROPERTY

According to the Land Administration Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on 25 June 1986, as last amended on 26 August 2019 and effective from 1 January 2020, China implements a system for the control of land use, including agricultural land, construction land and unused land. All units and individuals must use land strictly in accordance with the purposes determined by the overall land use plan. The registration of ownership and right to use of land shall be carried out in accordance with the laws and administrative regulations relating to the registration of immovable property. The ownership and right to use of land registered in accordance with the law shall be protected by law, and no entity or individual may infringe upon such rights.

The Interim Regulations on Real Estate Registration promulgated by the State Council on 24 November 2014, effective on 1 March 2015, amended on 24 March 2019 and 10 March 2024 and implemented on 1 May 2024, and the Implementing Rules for the Interim Regulations on Real Estate Registration promulgated by the Ministry of Land and Resources on 1 January 2016 and amended on 24 July 2019 and 9 May 2024 respectively, provide (among other things) that the State shall implement a unified real estate registration system, and real estate registration shall follow the principles of strict management, stability and continuity, and convenience for the public.

REGULATIONS RELATING TO LEASING

According to the Civil Code, an owner shall, in accordance with the law, enjoy the rights to possess, use, seek profits from, and dispose of its own real or personal property. The lessee may, with the consent of the lessor, sublease the leased premises to a third party. Where the lessee subleases the leased property, the lease contract between the lessee and the lessor shall remain valid. The lessor is entitled to terminate the contract if the lessee subleases the premises without the consent of the lessor. In addition, any change in the ownership of the leased property during the period of possession by the lessee in accordance with the leasing contract shall not affect the validity of the leasing contract. In addition, if the mortgaged property has been leased and possession has been transferred prior to the creation of the mortgage, the original lease relationship shall not be affected by such mortgage.

On 1 December 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing, which became effective on 1 February 2011. According to the Measures, within 30 days after the conclusion of a housing lease contract, the parties to the housing lease shall go to the construction (real estate) competent department of the people's government of the municipality directly under the Central Government, city or county where the leased house is located to handle the registration and filing of the housing lease. In the event of a violation of such provision, an order shall be made to rectify the same within a prescribed time limit; where rectification is not made within the time limit, a fine of not less than RMB1,000 and not more than RMB10,000 shall be imposed in respect of each lease agreement.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign exchange in China are the Regulations of the People's Republic of China on Foreign Exchange Control (the "**Foreign Exchange Control Regulations**") promulgated by the State Council on 29 January 1996 and effective on 1 April 1996 and subsequently amended on 14 January 1997 and 1 August 2008 (effective on 5 August 2008), and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment promulgated by the People's Bank of China on 20 June 1996 and effective on 1 July 1996. Under these regulations, payments of current account items (such as profit distributions and trade and service-related foreign exchange transactions) may be made in foreign currencies without the prior approval of the State Administration of Foreign Exchange (the "**SAFE**") upon compliance with certain procedural requirements. Conversely, where Renminbi ("**RMB**") is required to be converted into foreign currencies and remitted out of China for the purpose of capital account payments (such as repayment of foreign currency-denominated loans, direct overseas investments and investments in securities or derivative products outside China), approval from or registration with the relevant government authorities or designated banks is required.

On 13 February 2015, the State Administration of Foreign Exchange promulgated the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies ("**SAFE Circular 13**"), which was implemented on 1 June 2015 and further amended on 30 December 2019. According to SAFE Circular 13, banks shall directly review and process foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the State Administration of Foreign Exchange and its branches shall implement indirect supervision over foreign exchange registration of direct investment through banks.

On 30 March 2015, the State Administration of Foreign Exchange promulgated the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises ("**SAFE Circular 19**"), which became effective on 1 June 2015 and was further amended in 2019. According to the document, the foreign exchange capital of foreign-invested enterprises is subject to the settlement of foreign exchange on a discretionary basis ("**Discretionary Settlement**"). Discretionary Settlement of foreign exchange refers to the fact that foreign exchange capital under the capital account (including foreign exchange capital, foreign loans and funds withdrawn from proceeds of overseas listings) confirmed for Discretionary Settlement in accordance with relevant policies may be settled at banks based on the actual operational needs of domestic institutions. The proportion of Discretionary Settlement of foreign exchange capital is tentatively set at 100%. RMB funds derived from the Discretionary Settlement of foreign exchange capital shall be managed under the account for foreign exchange settlement and pending payment. If a foreign-invested enterprise needs to make further payments through such Account for Foreign Exchange Settlement Pending Payment, it is still required to provide supporting materials and pass the bank's review procedures.

On 9 June 2016, the State Administration of Foreign Exchange promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating the Management Policy of the Settlement of Foreign Exchange Capital ("**SAFE Circular 16**"). SAFE Circular 16 has unified the policies on Discretionary Settlement of foreign exchange for all domestic institutions.

On 23 October 2019, the State Administration of Foreign Exchange promulgated the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation ("**SAFE Circular 28**"). SAFE Circular 28 provides that non-investment foreign-invested enterprises may, in accordance with the law, use their capital funds to conduct domestic equity investments, provided that such investments do not violate the negative list and the investment projects are authentic, compliant and legal.

On 10 April 2020, the State Administration of Foreign Exchange promulgated the Circular of the State Administration of Foreign Exchange on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business ("**SAFE Circular 8**"). SAFE Circular 8 provides that, on the premise that the use of funds is genuine and complies with current administrative provisions on the use of capital account income, enterprises are permitted to use capital account income, such as capital, foreign debt and overseas listing proceeds, for domestic payments without the need to provide banks with authenticating materials for payment prior to each transaction.

LAWS AND REGULATIONS RELATING TO TAXATION

Corporate Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (the "**Enterprise Income Tax Law**") promulgated by the National People's Congress on 16 March 2007 and last amended by the Standing Committee of the National People's Congress on 29 December 2018, and the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (the "**Implementation Regulations of the Enterprise Income Tax Law**") promulgated by the State Council on 6 December 2007 and last amended on 20 January 2025, taxpayers include resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises established in China in accordance with Chinese laws, or enterprises established in accordance with the laws of foreign countries but whose de facto management is exercised within the territory of China. Non-resident enterprises are defined as enterprises established under foreign laws with their de facto management bodies located outside China, but which have established institutions or premises in China, or which have not established institutions or premises in China but have income derived from China.

According to the Enterprise Income Tax Law and relevant implementation regulations, the uniform enterprise income tax rate applicable to enterprises is 25%.

Value-added Tax

According to the Provisional Regulations of the People's Republic of China on Value-added Tax promulgated by the State Council on 13 December 1993 and last amended on 19 November 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax promulgated by the Ministry of Finance on 25 December 1993 and last amended on 28 October 2011 (the "**Provisional Regulations on VAT**"), entities and individuals engaged in the sale of goods, provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC are taxpayers of value-added tax ("**VAT**") and shall pay VAT in accordance with laws and regulations. Unless otherwise specified, the value-added tax rate for the sale of goods shall be 17%. The Ministry of Finance and the State Administration of Taxation (the "**SAT**") issued the "Notice on Adjusting Value-added Tax Rates" on 4 April 2018, which came into effect on 1 May 2018, providing that where a taxpayer is engaged in taxable sales activities or the importation of goods, the tax rates previously applicable at 17% and 11% shall be adjusted to 16% and 10%, respectively.

Subsequently, the Ministry of Finance, the State Taxation Administration and the General Administration of Customs of the People's Republic of China jointly issued the Announcement on Policies concerning Deepening the Value-added Tax Reform (effective from 1 April 2019) to make further adjustments. Where a taxpayer engages in a taxable sales activity for value-added tax purposes or imports goods, and the tax rates of 16% and 10% were previously applicable, the tax rates shall be adjusted to 13% and 9%, respectively.

REGULATIONS RELATING TO SHARE INCENTIVE SCHEMES

According to the Notice on Issues Concerning the Foreign Exchange Administration of Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies ("**SAFE Circular 7**") promulgated by the State Administration of Foreign Exchange on 15 February 2012 and other regulations, directors, supervisors, senior management and other employees who are Chinese citizens or non-Chinese citizens residing in the PRC for a continuous period of not less than one year and who participate in any equity incentive plan of an overseas listed company are required, except for certain exceptions, to register with the State Administration of Foreign Exchange through a domestic agent. In addition, matters such as individual exercise, purchase or sale of shares or interests, and the corresponding transfer of funds must be handled by an overseas trustee institution. Foreign exchange income derived by PRC residents from the sale of shares under equity incentive plans and dividends distributed by overseas listed companies shall be remitted to the bank account opened by the domestic institution in China before being distributed to the PRC residents.

REGULATIONS RELATING TO OVERSEAS ISSUANCE AND LISTING

On 17 February 2023, with the approval of the State Council, the China Securities Regulatory Commission (the "**CSRC**") promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "**Trial Measures**") and five relevant guidelines, which came into effect on 31 March 2023. According to the Trial Measures, (1) where a domestic enterprise in China directly or indirectly issues securities or lists overseas, it shall file with the CSRC and report relevant information; (2) a domestic enterprise directly issuing securities or listing overseas refers to a joint stock limited company registered and established in China issuing securities or listing overseas; and (3) any joint stock limited company registered and established in China seeking an overseas listing shall file with the CSRC within three working days after submitting its application for overseas listing.