Our business operations are located in the PRC and are subject to relevant laws, regulations, and government supervision. This section summarizes the principal laws, regulations, rules, and policies relevant to our business operation in the PRC.

LAWS AND REGULATIONS RELATED TO IMMOVABLE PROPERTY LEASING

According to the PRC Civil Code (《中華人民共和國民法典》) (the "**Civil Code**"), which was promulgated by the National People's Congress on May 28, 2020 and implemented on January 1, 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. The lease term shall not exceed twenty years; any portion exceeding twenty years shall be void. If the lease term exceeds six months, the lessor and lessee shall enter into a written lease contract. The failure of the lessor or lessee to complete the registration formalities for the lease contract in accordance with the law shall not affect the legal validity of the lease contract.

According to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on July 5, 1994, latest amended on August 26, 2019 and implemented on January 1, 2020, for house leasing, the lessor and lessee shall enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

LAWS AND REGULATIONS RELATED TO CONSTRUCTION

(1) State-Owned Land Use Rights

Pursuant to (a) the Land Administration Law of the PRC (《中華人民共和國土地管理法》), which was promulgated by the SCNPC on June 25, 1986, latest amended on August 26, 2019 and implemented on January 1, 2020, (b) the Regulation on the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》), which was promulgated by the State Council on January 4, 1991, latest amended on July 2, 2021 and implemented on September 1, 2021, and (c) the Interim Regulations of the PRC Concerning the Assignment and Transfer of the Right to Use State-owned Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), which was promulgated by the State Council on May 19, 1990, latest amended on November 29, 2020 and implemented on the same date, except for the allocation of the State-owned land use right by the State within the scope prescribed by law, the State shall implement a system of the compensated use of State-owned land in accordance with law. The methods for compensated use of State-owned land mainly include the assignment of the right to the use of State-owned land, the lease of State-owned land, and the valuation of State-owned land use rights as capital contributions or shares. The assignment of the right to the use of land may be carried out by means of negotiation, public tender, or auction. For the assignment of the right to the use of land, an assignment contract shall be signed and the assignment fee shall be paid.

(2) Construction Land Planning Permit

Pursuant to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》), which was promulgated by the SCNPC on October 28, 2007, latest amended on April 23, 2019 and implemented on the same date, a Construction Land Planning Permit is required for the use of both allocated land and assigned land.

(3) Construction Work Planning Permit

Pursuant to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》), to build any building, structure, road, pipeline or other engineering project within a city or town planning area, the relevant construction entity shall apply for a Construction Work Planning Permit from a competent urban and rural planning administrative department.

(4) Construction Work Permit

Pursuant to the Construction Law of the PRC (《中華人民共和國建築法》), which was promulgated by the SCNPC on November 1, 1997, latest amended on April 23, 2019 and implemented on the same date, prior to commencing construction, the construction entity shall apply for a Construction Work Permit from the competent construction administrative department of the local people's government at or above the county level in accordance with national regulations, except for small-scale projects below the threshold set by the State Council's construction administrative department. According to the Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on October 15, 1999, latest amended on March 30, 2021 and implemented on the same date, no Construction Work Permit is required for construction projects with an investment amount of less than RMB300,000 or with a construction area of less than 300 square meters.

(5) Completion Acceptance of Construction Projects

Pursuant to the Regulations on the Administration of Construction Quality (《建設工程質量管理條例》), which was promulgated by the State Council on January 30, 2000, latest amended on April 23, 2019 and implemented on the same date, the construction entity shall organize the design unit, construction unit, construction supervision unit and other relevant units to carry out the completion acceptance after receiving the completion report of a construction project. Construction projects can only be put into use after passing the acceptance inspection. Within 15 days from the date of passing the completion acceptance inspection of a construction project, the construction entity shall report to the competent construction administrative department for filing.

LAWS AND REGULATIONS RELATED TO THE IMPORT AND EXPORT OF GOODS

According to the Customs Law of the PRC (《中華人民共和國海關法》), which was promulgated by the SCNPC on January 22, 1987, latest amended on April 29, 2021 and implemented on the same date, unless otherwise stipulated, the declaration of import and export goods and the payment of customs duties may be handled by the consignees or consignors of imported or exported goods or entrusted customs declaration enterprises. The consignee or the consignor of imported or exported goods and the customs declaration enterprise shall go through customs declaration and filing procedures at the relevant customs in accordance with the law. Goods permitted to be imported or exported, and articles entering or leaving the territory, shall be subject to customs duties levied by the customs in accordance with the law.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), which was promulgated by the SCNPC on May 12, 1994, latest amended on December 27, 2025 and implemented on March 1, 2026, and the Notice of the Department of Enterprise Administration and Inspection on Matters Related to the Record-filing of Consignors and Consignees of Import and Export 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》), which was issued by the General Administration of Customs on January 3, 2023 and implemented on the same date, if consignors and consignees of import and export goods apply for record-filing, they shall obtain the market entity qualification and are not required to obtain the record-filing of foreign trade business operators.

REGULATIONS RELATED TO HOTEL OPERATION

Pursuant to the Measures for the Control of Security in the Hotel Industry (《旅館業治安管理辦法》), which was promulgated by the State Council on November 10, 1987, latest amended on March 29, 2022 and implemented on May 1, 2022, anyone who applies to operate a hotel shall obtain a business license from the market regulatory department and apply for a special trade license from the local public security organs. In the event of closure, change of business, merger, relocation, or name change of a hotel, the hotel shall file with the local public security organs for record within 3 days after completing the registration of change at the market regulatory department.

Pursuant to the Administrative Regulations on Sanitation of Public Places (《公共場所衛生管理條例》), which was promulgated by the State Council on April 1, 1987, latest amended on December 6, 2024 and implemented on January 20, 2025, a hotel shall obtain a public area hygiene license from the local disease prevention and control authorities before commencing operations. Staff members of the hotel who may directly serve customers shall hold a valid health certificate before they engage in their duties.

REGULATIONS RELATED TO FOOD OPERATION

According to the Administrative Measures for Food Operation Licensing and Record-filing (《食品經營許可和備案管理辦法》), which was promulgated by the State Administration for Market Regulation on June 15, 2023 and implemented on December 1, 2023, a business engaged in food sales or catering services shall, based on the category of its operations, obtain a food operation permit or complete record-filing in accordance with the law. If a food operator engages in food operations across different areas, it shall separately obtain the permit or complete record-filing. The food operator shall display its food operation permit in a conspicuous position at the business premises.

LAWS AND REGULATIONS RELATED TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

Pursuant to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), which was promulgated by the State Council on September 25, 2000, latest amended on February 6, 2016 and implemented on the same date, telecommunication service providers are required to obtain an operating license before commencing operations. The Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services. According to the Catalog of Telecommunications Services (2015 Edition) (《電信業務分類目錄(2015年版)》), promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on December 28, 2015, latest amended on June 6, 2019 and implemented on the same date, the following services fall within value-added telecommunications services: Internet data center services, Internet access services, online data processing and transaction processing services, information services (Internet-based), and call center services.

Pursuant to the Measures for the Administration of Telecommunications Business Operating Permits (《電信業務經營許可管理辦法》), which was promulgated by the MIIT on March 1, 2009, latest amended on July 3, 2017 and implemented on September 1, 2017, operators of telecommunications business shall obtain an operating permit issued by the telecommunications regulatory authority and operate telecommunications services in compliance with the provisions of the operating permit. In addition, the operator shall display its operating permit code in prominent locations, including its principal place of business and its website homepage. The validity period of a value-added telecommunications service operating permit is five years.

Pursuant to the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000, latest amended on December 6, 2024 and implemented on January 20, 2025, operators of commercial internet information services shall obtain a value-added telecommunications service operating permit. The operator shall ensure that the information provided on its website is lawful and shall not produce, reproduce, publish, or disseminate any information prohibited by PRC laws or administrative regulations.

Pursuant to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which was promulgated by the State Council on December 11, 2001, latest amended on March 29, 2022 and implemented on May 1, 2022, the proportion of foreign investment in a foreign-invested telecommunication enterprise engaged in value-added telecommunication services shall not ultimately exceed 50%, except as otherwise provided by the State.

REGULATIONS RELATED TO INTERNET CULTURAL BUSINESS AND RADIO AND TELEVISION PROGRAM PRODUCTION AND OPERATION

We provide a variety of trade services for our merchants, and the provisions of some of these trade services require us to hold a Network Cultural Business License and/or a Radio and Television Program Production and Operation License.

According to the Interim Provisions on the Administration of Internet Culture (《互聯網文化管理暫行規定》), which was issued by the former Ministry of Culture of the PRC (now known as the Ministry of Culture and Tourism of the PRC) on May 10, 2003, latest amended on December 15, 2017 and implemented on the same date, internet cultural products refer to cultural products produced, transmitted, and circulated through the internet. Commercial internet cultural activities refer to activities that provide internet cultural products and services by charging online users or obtaining benefits through e-commerce, advertising, sponsorship, or other means. Those engaged in commercial internet cultural activities shall obtain the Network Cultural Business License issued by the relevant cultural administrative departments, which is valid for three years.

According to the Provisions on the Administration of Radio and Television Program Production and Management (《廣播電視節目製作經營管理規定》), which was latest revised by the National Radio and Television Administration on June 3, 2025 and implemented on the same date, those engaged in the production of radio and television programs such as special topics, columns, variety shows, animations, radio dramas, and television dramas shall obtain the Radio and Television Program Production and Operation License issued by the relevant radio and television administrative departments, which is valid for two years.

According to the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》), which was latest revised by the National Development and Reform Commission ("**NDRC**") and the Ministry of Commerce of the PRC (the "**MOC**") on September 6, 2024, and implemented on November 1, 2024, domestic enterprises engaged in businesses within the prohibited investment areas of the Negative List that seek to issue shares overseas shall obtain approval from the relevant competent national authorities. The overseas investors shall not participate in the operation and management of the enterprise, and overseas investors' shareholding percentage shall be subject to the relevant provisions on administration of domestic securities investment by overseas investors. Both internet cultural business (excluding music) and radio and television program production and operations fall under the prohibited investment areas. Furthermore, according to the Responses to Reporter Questions on the 2021 Version of the Negative List for Foreign Investment Access (《就2021年版外商投資准入負面清單答記者問》) issued by the NDRC on December 27, 2021, the shareholding percentage of a single foreign investor and its related parties shall not exceed 10% of the company's total shares, and the shareholding percentage of all foreign investors and their related parties shall not exceed 30% of the company's total shares. For enterprises listed both domestically and overseas, the shares held by foreign investors in the same enterprise, whether listed domestically or overseas, shall be calculated on a consolidated basis. After a domestic enterprise submits its overseas listing application materials to the China Securities Regulatory Commission (the "**CSRC**"), if the enterprise involves any business in the prohibited investment areas as set out in the Negative List, the CSRC will seek opinions from the competent industry authorities or other relevant departments.

LAWS AND REGULATIONS RELATED TO PAYMENT SERVICES OF NON-BANK PAYMENT INSTITUTIONS

According to the Regulations on Supervision and Administration of Non-bank Payment Institutions ("**Non-bank Payment Institutions Regulations**") (《非銀行支付機構監督管理條例》), which was promulgated by the State Council on December 9, 2023 and implemented on May 1, 2024, a non-bank payment institution refers to a limited liability company or a joint-stock limited company, which is established in accordance with the law within the territory of the PRC, other than banking financial institutions, that has obtained the payment license and engaged in the transfer of currency funds and other payment businesses based on electronic payment instructions submitted by payees or payers. The establishment of a non-bank payment institution shall be subject to the approval of the People's Bank of China (the "**PBOC**") and the acquisition of a Payment License. A non-bank payment institutions shall engage in payment business in accordance with the type of business and within the geographical area of operation specified in the Payment License. Non-bank payment institutions that provide payment services for domestic transactions shall complete transaction processing, fund settlement, and data storage within the PRC. Non-bank payment institutions that provide payment services for cross-border transactions shall comply with the relevant provisions on cross-border payments, cross-border RMB business, foreign exchange management, and cross-border data flows.

Pursuant to the Measures for Anti-Money Laundering and Anti-Terrorism Financing of Payment Institutions (《支付機構反洗錢和反恐怖融資管理辦法》), which was issued by the PBOC on March 5, 2012 and implemented on the same date, payment institutions that have obtained a payment license shall fulfill their obligations in respect of anti-money laundering and anti-terrorism financing in accordance with the law, mainly including client identification, client identification information and transaction record-keeping, suspicious transaction report, anti-money laundering and anti-terrorism financing surveys, etc.

Pursuant to the Anti-Telecom and Online Fraud Law of the PRC (《中華人民共和國反電信網絡詐騙法》), which was promulgated by the SCNPC on September 2, 2022 and implemented on December 1, 2022, non-bank payment institutions shall, in accordance with the relevant provisions of the State, transmit the transaction information such as the names of the businesses which directly provide goods or services, and the names and account numbers of the payers and payees in a complete and accurate manner, and ensure the authenticity and completeness of the transaction information and the consistency in the whole process of payment.

On March 20, 2026, the Ministry of Justice of the PRC, the PBOC, the National Financial Regulatory Administration, the CSRC, and the State Administration of Foreign Exchange jointly issued the Financial Law of the PRC (Draft) (《中華人民共和國金融法(草案)》) and initiated a public consultation period. This draft provides overarching provisions regarding financial activities, financial institutions, and financial businesses within the PRC, explicitly requiring that all financial activities be brought under regulatory oversight. According to the draft, non-bank payment institutions may be deemed financial institutions and will be subject to the supervision of national financial regulatory authorities. As of the Latest Practicable Date, the Financial Law of the PRC (Draft) has not been adopted through the legislative procedures of the PRC and has not yet come into force.

Pursuant to the Administrative Measures for the Reporting of Material Matters by Non-bank Payment Institutions (《非銀行支付機構重大事項報告管理辦法》), which was promulgated by the PBOC on July 20, 2021 and implemented on September 1, 2021, if a payment institution proposes to make an initial public offering or to issue additional shares, or if a major contributor or the de facto controller of the payment institution proposes to make an initial public offering, including but not limited to the circumstance where it directly serves as a subject of the initial public offering or makes an overseas listing through variable interest entities or otherwise, the payment institution shall report the events to the local branch office of the PBOC in advance. The Company has fulfilled the foregoing reporting obligations to the Zhejiang Branch of the PBOC in March, 2026. As of the Latest Practicable Date, we have not received any further request or objection in respect to the report.

REGULATIONS RELATED TO CREDIT REPORTING BUSINESS

According to (a) the Regulations on the Administration of Credit Reporting Industry (《徵信業管理條例》), which was promulgated by the State Council on January 21, 2013 and implemented on March 15, 2013 and (b) the Measures for the Administration of the Credit Reporting Business (《徵信業務管理辦法》), which was promulgated by the PBOC on September 27, 2021 and implemented on January 1, 2022, credit reporting business refers to the activities of collecting, organizing, storing and processing credit-related information of enterprises and individuals, as well as providing such information to information users. Credit-related information refers to the basic information, loan information, and other relevant information collected in accordance with the law to serve financial and other activities, and used to identify and judge the credit status of enterprises and individuals, as well as analysis and evaluation information formed based on the aforementioned information. The State adopts a license system for credit reporting business, where (i) those engaging in personal credit reporting business shall obtain a license from the personal credit reporting institution of the PBOC in accordance with the law; (ii) those engaging in corporate credit reporting business shall complete the filing for corporate credit reporting institutions in accordance with the law; and (iii) those engaging in the credit rating business shall complete the filing for credit rating institutions in accordance with the law. Credit reporting institutions that conduct credit reporting business and related activities within the territory of the PRC shall store the collected corporate credit information and personal credit information within the territory of the PRC.

REGULATIONS RELATED TO COMMERCIAL FACTORING

On June 27, 2012, the MOC promulgated the Notice on Pilot Scheme for Commercial Factoring (《關於商業保理試點有關工作的通知》) (the "**Notice on Pilot Scheme**"), to launch the pilot scheme for commercial factoring in Shanghai Pudong New District and Tianjin Binhai New District. Pursuant to the Notice on Pilot Scheme, a commercial factoring company shall not engage in prohibited financial activities such as absorbing deposits or providing loans, and is not allowed to be engaged in debt collection business or being entrust to collect debts. On May 8, 2018, the MOC issued the Notice on Matters Concerning Adjustments to the Responsibility to Regulate Financial Leasing Companies, Commercial Factoring Companies and Pawnshops (《關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知》), to transfer the regulatory responsibilities of commercial factoring industry to the China Banking and Insurance Regulatory Commission (the "**CBIRC**", which was restructured into the National Financial Regulatory Administration in 2023).

Pursuant to the Notice on Strengthening the Supervision and Administration of Commercial Factoring Enterprises (《關於加強商業保理企業監督管理的通知》), which was promulgated by the CBIRC on October 18, 2019 and implemented on the same date, a commercial factoring company shall not engage in the following businesses: (i) absorbing public funds either directly or in disguise; (ii) lending or borrowing money from other commercial factoring enterprises directly or in disguise; (iii) providing loans or providing loans upon entrustment.

We obtained the approval document from the Zhejiang Provincial Financial Regulatory Administration in December 2021 for the establishment of a commercial factoring company, and based on that approval, we established Zhejiang China Commodities City Group Commercial Factoring Co., Ltd. in January 2022 to engage in commercial factoring business.

LAWS AND REGULATIONS RELATED TO CYBERSECURITY, PERSONAL INFORMATION PROTECTION AND DATA SECURITY

Laws and Regulations on Cybersecurity

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which was promulgated by the SCNPC on November 7, 2016, latest amended on October 28, 2025 and implemented on January 1, 2026, a network operator, including internet information services providers among others, shall adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law emphasizes that any individuals and organizations that use networks shall not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. Any violation of the provisions and requirements under the Cybersecurity Law may subject a network operator to warnings, confiscation of illegal gains, fines, revocation of business permits or licenses, close-down of websites or even criminal liabilities.

On December 28, 2021, 13 ministries and commissions including the Cyberspace Administration of China (the "**CAC**") issued the revised Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Revised Cybersecurity Review Measures**"), which came into effect on February 15, 2022. According to the Revised Cybersecurity Review Measures, purchases of network products and services by critical information infrastructure operators and data processing activities by network platform operators, which affect or may affect national security, shall be subject to a cybersecurity review. Network platform operators possessing the personal information of more than 1 million users who intend to list abroad must apply to the Cybersecurity Review Office for a cybersecurity review.

Laws and Regulations on Personal Information Protection and Data Security

Pursuant to the Civil Code, the personal information of natural persons shall be protected by law. Any organization or individual that needs to obtain personal information of others shall obtain it in accordance with the law and ensure the security of the information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally trade in, provide or disclose the personal information of others.

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》) (the "**Data Security Law**"), which came into effect on September 1, 2021. The Data Security Law stipulates the establishment of a data classification and graded protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The "important data" determined by the competent government authorities should be strengthened in protection. Data that falls under controlled items and relates to safeguarding national security and interests or fulfilling international obligations shall be subject to export controls in accordance with the law. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and designate a management department to take charge of data security protection, and such processors shall periodically assess the risks of their data processing activities and file assessment reports with the relevant competent authorities. Any violation of the Data Security Law may subject relevant entities or individuals to rectification orders, warnings, fines, business suspension, revocation of relevant business permits or licenses or even criminal liabilities.

According to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which was promulgated by the SCNPC on August 20, 2021 and implemented on November 1, 2021, the processing of personal information shall be for a clear and reasonable purpose and shall be directly related to that purpose, adopting the method that causes the least impact on the rights and interests of individuals. The collection of personal information shall be limited to the minimum scope necessary for achieving the purpose of processing, and excessive collection of personal information shall be prohibited. No organization or individual may illegally collect, use, process or transmit personal information of others, illegally buy or sell, provide or disclose the personal information of others, or engage in the processing of personal information that endangers the national security or public interests.

On July 7, 2022, the CAC promulgated the Security Assessment Measures on Outbound Data Transfer (《數據出境安全評估辦法》), which became effective on September 1, 2022, and clearly stipulates the regulations and procedures for conducting outbound data transfer security assessment for important data and personal information collected and generated within the territory of PRC. On February 22, 2023, the CAC promulgated the Measures on the Standard Contract on Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》), which became effective on June 1, 2023, and clearly stipulates that personal information processors shall meet certain conditions when conducting the outbound transfer of personal information by entering into standard contracts, and shall file the signed standard contracts with the provincial cyberspace administration. On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》) (the "**Promoting Provisions**"), further adjusting the scope, exemption conditions and procedures applicable to outbound data transfer security assessment and the filing mechanism of standard contracts for the outbound transfer of personal information. According to the aforementioned measures and regulations, where a data processor transfers data outbound, the data processor shall apply to the CAC for outbound data transfer security assessment through the provincial cyberspace administration when any of the following conditions are met: (1) a critical information infrastructure operator provides personal information or important data overseas; (2) a data processor other than a critical information infrastructure operator provides important data overseas, or has provided personal information of more than 1 million individuals (excluding sensitive personal information) or more than 10,000 pieces of sensitive personal information overseas since January 1 of the current year, unless the exemption circumstances stipulated in Articles 3 to 6 of the Promoting Provisions are met.

LAWS AND REGULATIONS RELATED TO LABOR

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994, latest amended on December 29, 2018 and implemented on the same date, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**"), which was promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012 and implemented on July 1,2013, employers shall establish and improve rules and regulations in accordance with the law to ensure the employees to enjoy their rights and perform their duties as employees. A labor contract is an agreement between an employee and an employer to establish the employment relationship and clarify the rights and obligations of both parties. To establish an employment relationship, a written labor contract shall be concluded. The State implements a minimum wage guarantee system. The wages paid by an employer to the employees shall not be lower than the local minimum wage standard. Employers are required to establish and improve labor safety and hygiene systems, strictly enforce national labor safety and hygiene regulations and standards, and provide safety and health education to employees to prevent workplace accidents and reduce occupational hazards.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, amended on December 29, 2018 and implemented on the same date, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) which was promulgated by the State Council on January 22, 1999, amended on March 24, 2019 and implemented on the same date, an employer is required to contribute the social insurance for its employees in the PRC, including the basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and injury insurance. If an employer fails to register for social insurance, the social insurance administrative department shall order the employer to correct the violation within a specified period; if the employer fails to do so after the deadline, a fine of not less than one time and not more than three times the amount of social insurance premiums due shall be imposed on the employer. If an employer fails to pay social insurance premiums in full and on time, the social insurance collection agency shall order the employer to pay or make up the arrears within a specified period. From the date of default, a daily late fee of 0.05% of the overdue amount will be charged. If the payment is still not made after the deadline, the relevant administrative department may impose a fine of not less than one time and not more than three times the unpaid amount.

On July 31, 2025, the Supreme People's Court of the PRC promulgated the Interpretation (II) of the Supreme People's Court 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 no social insurance premiums need to be paid, the People's Court shall determine that such agreement or undertaking is invalid. In addition, where an employer fails to pay social insurance premiums 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 of the PRC shall support such claim in accordance with the law.

According to the Regulations on the Administration of Housing Funds (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, latest amended on March 24, 2019 and implemented on the same date, an employer is required to make contributions to a housing provident fund for its employees. If an employer fails to register for housing provident fund contributions or fails to establish housing provident fund accounts for its employees, the housing provident fund management center shall order the employer to complete the registration within a specified period. If the employer fails to comply within the specified period, a fine between RMB10,000 and RMB50,000 may be imposed. If the employer delays or underpays the housing provident fund contributions, the housing provident fund management center shall order the employer to make the contributions within a specified period. If the employer still fails to comply, the center may apply to the People's Court for enforcement.

LAWS AND REGULATIONS RELATED TO TAXATION

(1) 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》) (the "**EIT Law**"), which was promulgated by the National People's Congress on March 16, 2007, latest amended by the SCNPC on December 29, 2018 and implemented on the same date, and the Regulations for the Implementation 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》), which was promulgated by the State Council on December 6, 2007, latest amended on December 6, 2024 and implemented on January 20, 2025, resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. A resident enterprise shall be subject to a tax rate of 25% of any income generated within or outside Chinese mainland. High and new technology enterprises supported by the State may enjoy a reduced tax rate of 15%.

(2) Value-added Tax

According to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which was promulgated by the SCNPC on December 25, 2024 and implemented on January 1, 2026, entities and individuals (including individual businesses) selling goods, services, intangible assets, real estate or importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Except for the export of goods, the sale of services or intangible assets within the scope as prescribed by the State Council by domestic entities and individuals across national borders and other circumstances specified for by the State Council, the rate of VAT for sale of goods, services of processing, repair or replacement, tangible movable property leasing services or import of goods is 13% unless otherwise specified, such as the rate of VAT for sale of agricultural products is 9%, and the rate of VAT for sale of transportation services, postal services, basic telecommunications services, construction services, or immovable property leasing services, sale of immovable properties, or transfer of the rights to use land is 9%. In addition to the above circumstances, the rate of VAT for sale of services or intangible assets is 6%.

LAWS AND REGULATIONS RELATED TO SECURITIES AND OVERSEAS LISTING

The Securities Law of the PRC (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998, latest amended on December 28, 2019 and implemented on March 1, 2020, comprehensively regulates the activities of the securities market in the PRC, including the issuance and trading of securities, acquisitions of listed companies, disclosure of information, investor protection, stock exchanges, securities companies, securities registration and clearing institutions, securities service agencies, securities associations and securities regulatory authorities.

On February 17, 2023, the CSRC promulgated 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》) (the "**Overseas Listing Trial Measures**") and related guidelines, which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, overseas issuance and listing will be prohibited under certain circumstances, and where a domestic enterprise in the PRC directly or indirectly issues or lists shares overseas, it shall file a report with the CSRC within three working days after submitting the application documents for issuance and listing overseas.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the 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》), which was promulgated by the CSRC and three other relevant government authorities on February 24, 2023 and implemented on March 31, 2023, where a domestic enterprise provides or publicly discloses any document or material that involves state secrets and working secrets of state agencies to relevant securities companies, securities service institutions, overseas regulatory authorities, or other entities or individuals, it shall, in accordance with the law, submit a report for approval to the competent department with approval authority, and file a report with the administrative department for secrecy at the same level for record. The working papers formed within the territory of the Chinese mainland by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the Chinese mainland. Any cross-border transfer shall be subject to approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS IN RELATION TO INTERNATIONAL SANCTIONS

United States

The Office of Foreign Assets Control ("**OFAC**") is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC. OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017).

OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation. There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees. United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime-by-regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

U.S. EXPORT CONTROLS

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us. For instance, in October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is "knowledge" that the item is destined for end use in the development or production of ICs at a fab in China that fabricates ICs meeting certain criteria. On December 2, 2024, BIS issued an interim final rule (the "**BIS December 2024 IFR**") and a final rule (the "**BIS December 2024 FR**"), which expanded controls in the EAR on advanced computing and semiconductor manufacturing items. The United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "**Entity List**"). Products produced outside of the United States (i.e., foreign produced items in U.S. export controls context) that contain a de minimis threshold (usually varies from 10% to 25%) of controlled U.S.-origin items, or otherwise subject to the foreign direct product rules because of the end-user or end-use, would be subject to the EAR export restrictions because of the U.S.-origin incorporated in or otherwise used in the development of such products. Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR including the type of aforementioned foreign produced items generally is prohibited unless the specified license requirements are met.

In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the "**Commerce Control List**"). The Commerce Control List is primarily based on multilateral export control lists, such as the Wassenaar Arrangement's List of Dual-Use Goods and Technologies and Munitions List, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and re-exports to certain countries, as well as transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number ("**ECCN**").