REGULATIONS ON COMPANY ESTABLISHMENT AND FOREIGN INVESTMENT

The PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**"), further amended in December 1999, August 2004, October 2005, December 2013, October 2018 and latest amended in December 2023 and came into effect on July 1, 2024, provides that companies established in the PRC may take the form of limited liability company or joint stock company with limited liability and the Company Law shall apply to all companies established in the PRC. Each company has independent legal person property and enjoys legal person property rights. The legitimate rights and interests of the company are protected by law and are inviolable.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**"), which was promulgated by the National People's Congress (the "**NPC**") on March 15, 2019, and came into effect on January 1, 2020, provides that the "foreign investment" refers to the investment activities in China carried out directly or indirectly by foreign individuals, enterprises or other organizations (the "**Foreign Investors**"), including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. The FIL further adopts the management system of pre-establishment national treatment and negative list for foreign investment. The "pre-establishment national treatment" refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the "negative list" refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The FIL granted national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval of the State Council.

In December 2019, the State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Rules**") which came into effect in January 2020. The Implementation Rules further clarified that the State shall encourage and promote foreign investment, protect the lawful rights and interests in foreign investments, regulate foreign investment administration, continue to optimize foreign investment environment, and advances a higher-level opening.

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), and the Catalog of Encouraged Industries for Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Encouraging List**"). Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraging List and the Negative List are generally deemed as permitted for foreign investment. Our business does not fall under such categories where foreign investment is restricted or prohibited.

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was released by the Ministry of Commerce (the "**MOFCOM**") and the State Administration for Market Regulation (the "**SAMR**") on December 30, 2019, and became effective on January 1, 2020. Foreign investors directly or indirectly conducting investment activities within the territory of China shall submit the investment information through submission of initial reports, change reports, deregistration reports, annual reports etc. to the competent commerce authorities in accordance with The Measures on Reporting of Foreign Investment Information. When submitting an annual report, a foreign-invested enterprise shall submit the basic information on the enterprise, the information on the investors and their actual controlling party, the enterprise's operation and asset and liabilities information etc., and where the foreign investment admission special administrative measures are involved, the foreign investment enterprise shall also submit the relevant industry licensing information.

REGULATIONS RELATING TO OVERSEAS INVESTMENT

The MOFCOM promulgated the Administrative Measures on Overseas Investments Management (《境外投資管理辦法》) on September 6, 2014, which came into effect on October 6, 2014. Pursuant to the definition provided under the Measures, "Overseas investment" refers to an act whereby an enterprise established in accordance with Chinese law establishes or acquires ownership, control, management rights or other rights and interests in a non-financial enterprise outside China through establishing a new entity, merger and acquisition, or by any other means. Overseas investments involving sensitive countries or regions, or sensitive industries, are subject to approval by the competent authorities. All other overseas investments are subject to a filing-based administration system. Local enterprises shall complete the filing procedures with the provincial-level commerce authorities in their locality. Upon successful registration and filing, qualified enterprises will obtain an "enterprise overseas investment certificate" issued by the relevant provincial commerce authority.

The NDRC promulgated the Administrative Measures for the Outbound Investment by Enterprises (《企業境外投資管理辦法》) on December 26, 2017, which took effect on March 1, 2018. According to the definition under these Measures, "outbound investment" refers to investment activities conducted by a domestic enterprise in China, either directly or through an overseas enterprise it controls, by injecting assets, equity, or providing financing or guarantees, to obtain ownership, control, management rights, or other related rights and interests in an overseas target. Undertaking outbound investment requires compliance with certain procedures, including the approval or filing of outbound investment projects, submission of relevant information, and cooperation with supervision and inspection. The NDRC promulgated the Catalog of Sensitive Industries for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》) on January 31, 2018, which took effect on March 1, 2018, detailing the industries currently designated as "sensitive".

The State Council promulgated the Regulation of the State Council on Outbound Investment (《國務院關於對外投資的規定》) (the "Regulation") on May 5, 2026, which will be effective since July 1, 2026. The Regulation aims to promote the country's high-standard opening up and the high-quality development of its outbound investment, protect the legitimate rights and interests of investors and their outbound investment, and safeguard national sovereignty, security and development interests. Consisting of 34 articles, the Regulation highlights efforts to proactively align with international high-standard economic and trade rules, advance high-quality Belt and Road cooperation, and promote international cooperation in industrial and supply chains. The Regulation also stipulates that in conducting outbound investment and related activities, investors shall comply with laws, regulations and international practices, respect local customs and cultural traditions, observe business ethics, act in good faith and engage in fair competition, fulfill social responsibilities and uphold the national image. The Regulation stresses improving comprehensive services, involving relevant authorities, professional institutions, industry associations as well as trade and investment promotion organizations.

LAWS AND REGULATIONS RELATING TO THE PROTECTION OF CYBER SECURITY, DATA AND PRIVACY

The Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "Data Security Law") was passed by the 13th Standing Committee of the National People's Congress ("SCNPC") at the 29th Session on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permit or even criminal liabilities.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "PIPL") was passed by the 13th SCNPC at the 30th Session on August 20, 2021 and came into effect on November 1, 2021. The PIPL reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (1) the individual's consent has been obtained; (2) the processing is necessary for the conclusion or performance of a contract to which the individual is a party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded; (3) the processing is necessary to fulfill statutory duties and statutory obligations; (4) the processing is necessary to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (5) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes; (6) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope according to this law; or (7) under any other circumstance as provided by any law or regulation. It also sets forth the rules for the processing of sensitive personal information. Specifically, processing sensitive personal information shall be subject to the separate consent of the individual. Where laws or administrative regulations require written consent for the processing of sensitive personal information, such provisions shall prevail.

Under Article 21 of the PIPL, where a personal information processor engages a third party to process personal information on its behalf, the parties are required to enter into a written agreement specifying the scope, purpose, duration, manner, and categories of the personal information to be processed, the protection measures to be implemented, and the rights and obligations of both parties, and the processor must exercise ongoing supervision over the entrusted party's activities. The entrusted party is strictly prohibited from processing personal information beyond the agreed scope, retaining personal information upon termination of the entrustment relationship, or sub-contracting processing to another party without the processor's consent.

The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "Cybersecurity Law"), effective June 1, 2017 and amended on October 28, 2025 (effective January 1, 2026), prohibits stealing or illegally trading personal information. Those who construct or operate networks or provide services through networks shall take technical and other necessary measures to ensure cybersecurity and stable operation, effectively respond to cybersecurity incidents, prevent cyber-related illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. In the event of a violation of the relevant provisions and requirements under the Cybersecurity Law, individuals or organizations may face penalties including warnings, fines, confiscation of illegal gains, revocation of licenses, or closure of websites, and may be subject to criminal liability in serious circumstances.

On December 28, 2021, thirteen PRC governmental and regulatory agencies, including the Cyberspace Administration of China (the "CAC"), promulgated the Measures for Cyber Security Review (《網絡安全審查辦法》), came into effect on February 15, 2022. The Measures for Cyber Security Review specify that the procurement of network products and services by operators of critical information infrastructure and the activities of data processing carried out by Internet platform operators that raise or may raise "national security" concerns are subject to cyber security review by Office of Cyber Security Review established by the CAC. Before a critical information infrastructure operator purchases internet products and services, it should assess the potential risk of national security that may arise from using such products and services. If such use of products and services may give rise to national security concerns, it should apply for a cyber security review by the Cyber Security Review Office. Where network products and services or data processing activities are considered by members of the Cybersecurity Review Working Mechanism to affect or potentially affect national security, the Office of Cyber Security Review shall, upon approval by the Central Cybersecurity and Informatization Commission in accordance with procedures, conduct review in compliance with relevant regulations. In addition, Internet platform operators that possess the personal data of over one million users and seek to list overseas must declare and undergo cybersecurity review with the Office of Cyber Security Review. Our PRC Legal Advisor made a telephonic consultation on a named basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心, CCRC) which is the competent authority entrusted by the CAC to set up cybersecurity review consultation hotline. The CCRC confirmed that the term "listing in a foreign country" under the Cybersecurity Review Measures does not apply to listings in Hong Kong, and thus the obligation to proactively apply for cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to the proposed [**REDACTED**].

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Cross-border Transfer of Data (《數據出境安全評估辦法》), which became effective on September 1, 2022. The Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), took effective on March 22, 2024, stipulate that non-CIIO data processors transferring non-sensitive personal information of 100,000 to less than 1 million individuals, or sensitive personal information of fewer than 10,000 individuals cumulatively since January 1 of the current year, must conclude a standard contract or obtain personal information protection certification. However, exemptions from security assessments, standard contracts, and certifications are granted for transfers necessary for: (i) concluding or performing contracts (e.g., cross-border e-commerce or payments); (ii) cross-border HR management; (iii) protecting life, health, and property in emergencies; or (iv) non-CIIOs transferring non-sensitive personal information of fewer than 100,000 individuals annually.

On September 24, 2024, the State Council promulgated the Network Data Security Management Regulations (《網絡數據安全管理條例》), which took effect on January 1, 2025. The Network Data Security Management Regulations stipulate that "entrusted processing" refers to network data processing activities in which a network data processor entrusts an individual or organization to process network data in accordance with the agreed purpose and method. When a network data processor entrusts the processing of personal information and important data to another network data processor, it shall specify to the recipient, through a contract or otherwise, the processing purpose, method, scope, and security protection obligations, etc., and supervise the recipient's performance of such obligations. Records of entrusting the processing of personal information and important data to another network data processor shall be retained for at least three years. The network data recipient shall fulfill its network data security protection obligations and process personal information and important data in accordance with the agreed purpose, method, scope, etc. Before entrusting the processing of important data, the processor of important data shall conduct a risk assessment, except where such activities are performed in fulfillment of statutory duties or obligations.

On December 31, 2021, the CAC issued the Regulations on the Management of Algorithm Based Recommendations in Internet Information Services (《互聯網信息服務算法推薦管理規定》), which took effect on March 1, 2022. These regulations explicitly stipulate that providers of algorithm-based recommendation services must comply with laws and regulations, respect public morals and ethics, adhere to business and professional ethics, and follow the principles of fairness, openness, transparency, scientific rationality, and good faith. Providers of algorithmic recommendation services that possess public opinion influence or the capacity for social mobilization shall, within ten working days from the date of service provision, complete the filing procedures by submitting information.

On November 25, 2022, the CAC, the MIIT and the Ministry of Public Security issued the Regulations on the Management of Deepfake Internet Information Services (《互聯網信息服務深度合成管理規定》), which took effect on January 10, 2023. It requires service providers to: prevent illegal activities by prohibiting deep synthesis for creating false information or endangering national security, implement labeling to clearly mark AI-generated content and prohibit tampering with such identifiers, enforce real-name verification for users and establish mechanisms to refute rumors. Conduct security assessments for tools editing biometric data (e.g., faces, voices) and ensure user consent.

On July 10, 2023, the CAC issued the Interim Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》), which took effect on August 15, 2023. According to these regulations, providers of generative artificial intelligence services shall assume the responsibilities of online information content producers in accordance with the law and fulfill their obligations regarding online information security. Where personal information is involved, they shall assume the responsibilities of a personal information processor in accordance with the law and fulfill their obligations regarding personal information protection. If a provider discovers illegal content, it shall promptly take remedial measures such as ceasing generation, stopping transmission, and removal; implement corrective actions such as optimizing model training; and report the matter to the relevant competent authorities.

On March 7, 2025, the CAC, the MIIT, the Ministry of Public Security (MPS), and the National Radio and Television Administration (NRTA) jointly promulgated the Measures for the Identification of Artificial Intelligence-Generated Synthetic Content, which regulate activities related to the identification of AI-generated synthetic content.

On March 20, 2026, the MIIT and nine other departments jointly issued the Interim Measures for the Administration of AI Technology Ethics Review and Services (人工智能科技倫理審查與服務辦法(試行)), which came into effect on the date of issuance. The measures apply to AI technology activities carried out within the territory of the PRC that may pose ethical risks. Conducting AI technology activities shall comply with AI technology ethics principles, including enhancing human welfare, respecting life rights, upholding fairness and impartiality, reasonably controlling risks, maintaining transparency, protecting privacy and security, and ensuring controllability and trustworthiness. The measures require entities engaged in AI technology activities — including higher education institutions, research institutions, healthcare institutions, and enterprises — to establish AI technology ethics committees and assume the primary responsibility for ethics review management. The measures serve as a refinement of the Provisions on the Administration of Science and Technology Ethics Review (for Trial Implementation) in the AI field, providing targeted provisions tailored to the characteristics of AI technology with respect to ethics principles, review priorities, and the coordination of expert re-review procedures, thereby better addressing the practical needs of AI technology ethics review. Violations of the measures shall be investigated and punished in accordance with the Cybersecurity Law, the Data Security Law, the PIPL, the Science and Technology Progress Law, and other applicable laws and regulations.

REGULATIONS RELATING TO FOREIGN INVESTMENT IN VALUE-ADDED TELECOMMUNICATIONS SERVICES

Foreign direct investment in telecommunications companies in the PRC is regulated by the Regulations for Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "FITE Regulations"), which were promulgated by the State Council on December 11, 2001 and amended on September 10, 2008, February 6, 2016 and March 29, 2022. The FITE Regulations require foreign-invested telecommunications enterprises in the PRC to be established as sino-foreign joint ventures. Unless otherwise stipulated by the State, the equity interest acquired by the foreign investors in such enterprises shall not exceed 50%. In addition, the foreign investors of the enterprises engaged in value-added telecommunications services must satisfy a number of stringent performance and operational experience requirements, including demonstrating a track record and experience in operating such business. The enterprises that meet these requirements shall obtain approvals from the MIIT and the MOFCOM or their authorized local branches, before launching the value-added telecommunications business in the PRC. Moreover, pursuant to the Negative List, foreign equity in enterprises providing value-added telecommunications business shall not exceed 50%, but such stipulation is not applied to e-commerce, domestic multi-party communications, store-and-forward and call centers services.

However, the State Council promulgated the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) on March 29, 2022, according to which the FITE Regulations was amended and such amendment has come into effect on May 1, 2022 (the "New FITE Regulations"). The New FITE Regulations, except as otherwise provided, no longer require stringent performance and operational experience of the foreign investors in the enterprises providing value-added telecommunications services. The foreign-invested telecommunications enterprises shall obtain approvals from the MIIT or its authorized local branches prior to the commencement of the value-added telecommunications business in the PRC. In addition, the New FITE Regulations simplify the application process for telecommunication business operation licenses and shorten the review period.

The Notice of the Ministry of Information Industry of the PRC (which is the predecessor of the "MIIT") on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) issued on July 13, 2006 requires foreign investors investing in and operating value-added telecommunications services in the PRC to set up foreign-invested enterprises and obtain licenses for such services. It prohibits domestic companies holding value-added telecommunications services licenses from leasing, transferring or selling their licenses in any form, or providing any resource, sites or facilities, to any foreign investors for their illegal operation of any telecommunications business in the PRC. In addition to restricting dealings with foreign investors, it contains a number of detailed requirements applicable to the operators of value-added telecommunications services, including that operators or their shareholders shall legally own the domain names and trademarks used in their daily operations and each operator must possess the necessary facilities for its approved business operations and maintain its facilities in the regions covered by its license.

According to the Notice of the MIIT regarding the Strengthening of Ongoing and Post Administration of Foreign-Invested Telecommunications Enterprises (《工業和信息化部關於加強外商投資電信企業事中事後監管的通知》) issued on October 15, 2020, the MIIT will no longer issue Examination Letter for Foreign Investment and Operation in Telecommunications Business (《外商投資經營電信業務審定意見書》). Foreign-invested enterprises would need to submit relevant foreign investment materials to the MIIT for obtainment or change of the licenses for operation of telecommunications business.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, and most recently amended on October 17, 2020, the Implementation Rules 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 amended on December 11, 2023 and became effective from January 20, 2024 and the Transitional Measures for the Implementation of the Revised Patent Law and its Implementation Rules and Relevant Examination Business Processing (《關於施行修改後的專利法及其實施細則相關審查業務處理的過渡辦法》) issued by the China National Intellectual Property Administration on December 21, 2023 and implemented on January 20, 2024, invention patents are valid for 20 years, utility model patents are valid for 10 years and design patents filed no later than May 31, 2021 are valid for 10 years while design patents filed on or after June 1, 2021 are valid for 15 years, from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, utility model or design, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Trademarks

According 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, amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 and effective from November 1, 2019, the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which were issued on August 3, 2002 and last amended on April 29, 2014, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry, if intending to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In the case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to law.

Domain Names

In accordance with the provisions of the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and taking effect on November 1, 2017, to establish domain name root servers and domain name root server operating organizations, domain name registration management organizations and domain registration service organizations within the territory of China, licenses from the MIIT or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall be obtained in accordance with the relevant regulations. The domain name registration service shall be conducted following the principle of "apply first, register first". A domain name applicant will become the domain name holder upon completion of the application procedure. 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 and effective on January 1, 2018 provides for the obligations of internet information service providers and other entities to fight terrorism and maintain network security.

Copyright Registration

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) which was promulgated by the SCNPC on September 7, 1990 and implemented on June 1, 1991, and finally revised on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002 and implemented on September 15, 2002, and finally revised on January 30, 2013 and came into effect on March 1, 2013. Copyright holders enjoy a variety of personal and property rights, including the right of publication, the right of authorship, the right of reproduction, and the right of communication of information on networks.

The Copyright Law labels computer software as a type of work. In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, and last amended on January 30, 2013 (effective on March 1, 2013), Chinese citizens, legal persons or other entities own the copyright in software developed by them, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of network communication, translation right and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with 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 on April 6, 1992, amended on February 20, 2002, and last revised on June 18, 2004, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

Trade Secrets

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC in September 1993, as amended on November 4, 2017 and April 23, 2019 and June 27, 2025 respectively, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item above; or (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; (4) instigate, induce or assist others to violate confidentiality obligation or to violate a rights holder's requirements on keeping confidentiality of commercial secrets, so as to disclose, use or allow others to use the commercial secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

REGULATIONS ON FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 59**"), which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, as well multiple capital accounts for the same entity may be opened in different provinces. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015, which was partially abolished in December 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**SAFE Circular 21**"), which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), and latest amended on December 4, 2023, which, among other things, allows all Foreign Investment Enterprises to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the Negative List on foreign investment. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

Labor Protection, Social Security and Housing Provident Funds

According to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and effective from January 1, 1995, and amended on August 27, 2009 and December 29, 2018 respectively, the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007 and effective from January 1, 2008, and amended on December 28, 2012 and effective from July 1, 2013, and the Implementing Regulations of the Employment Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council on September 18, 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages cannot be lower than the local minimum wage. The employers must establish a system for labor safety and sanitation, strictly abide by State rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with State rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and effective from July 1, 2011, and amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999 and amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers are required to open social insurance account and housing provident fund account within 30 days from the date of establishment, and employers are also required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity insurance and to housing provident funds. Any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

The national medical insurance program was first adopted according to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees. On July 10, 2007, the State Council issued the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》), further enlarging the coverage of the basic medical insurance program, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In addition, on January 3, 2016, the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) issued by the State Council required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system, which will cover all urban and rural residents other than rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees. Program participants are eligible for full or partial reimbursement of the cost of medicines included in the medical insurance catalog.

The Notice Regarding the Tentative Measures for the Administration of the Scope of Basic Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《關於印發城鎮職工基本醫療保險用藥範圍管理暫行辦法的通知》) (the “**Medical Insurance Coverage Notice**”) jointly issued on May 12, 1999 by several authorities including, among others, the Ministry of Labour and Social Security and the Ministry of Finance, provides that a pharmaceutical product listed in the medical insurance catalog must be clinically necessary, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: (1) be set forth in the pharmacopeia of the PRC, (2) satisfy the standards promulgated by the NMPA, and (3) be approved by the NMPA for imported pharmaceutical products.

According to the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "New Judicial Interpretation"), promulgated on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Moreover, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims, in which case, the employer remains liable for paying economic compensation (calculated as the number of years of employment multiplied by the monthly salary) to the employee, notwithstanding any prior agreement to waive social insurance contributions.

REGULATIONS RELATING TO LEASING

Pursuant 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》) promulgated by the SCNPC on July 5, 1994, and last amended on August 26, 2019 with effect on January 1, 2020, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental prices, rental and repair liabilities, and other rights and obligations of both parties. In addition, pursuant to the Law on Administration of Urban Real Estate of the PRC and the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and effective on February 1, 2011, both lessor and lessee are required to register the lease within 30 days from execution of the property lease contract with the real estate administration department. Where there is a violation of the aforementioned regulations and registration procedures have not been handled, the municipal or county people's government construction (real estate) authorities shall order the violator to rectify within a specified time limit; if an individual fails to rectify within the prescribed time limit, they shall be fined no more than RMB1,000; if an entity fails to rectify within the specified time limit, it shall be fined between RMB1,000 and RMB10,000.

According to the PRC Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. If the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid.

REGULATIONS ON TAXATION

Enterprise Income Tax ("EIT")

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), promulgated by the NPC on March 16, 2007 which became effective on January 1, 2008 and was last amended and came into effect on December 29, 2018, and the Implementation Regulations for 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》), promulgated by the State Council on December 6, 2007, and was last amended on December 6, 2024 and became effective on January 20, 2025, enterprises are classified as resident enterprises and non-resident enterprises. Enterprises which are incorporated in the PRC or incorporated pursuant to foreign laws with their "de facto management bodies" located in the PRC are deemed a "resident enterprise" and subject to an enterprise income tax rate of 25% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC. High and new technology enterprises that need the support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

Income Tax Relating to Dividend Distribution

Pursuant to the Arrangement Between Mainland China 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》) and relevant protocols, which were promulgated by the State Taxation Administration on August 21, 2006, came into effect on December 8, 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in a PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the State Taxation Administration on October 14, 2019, came into effect on January 1, 2020, non-resident taxpayers who enjoy treaty benefits shall follow the procedure of "self-assessment, declaration and enjoyment, and retention of documentation for inspection." If a non-resident taxpayer self-assesses that it meets the conditions for enjoying treaty benefits, it may declare and enjoy such benefits during its own tax filing, or through the withholding agent during withholding declarations. Such taxpayer must simultaneously collect and retain relevant documentation for inspection in accordance with such measures, and is subject to subsequent administration by the tax authorities.

Value-Added Tax ("VAT")

Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) (the "Value-added Tax Law") promulgated by the SCNPC on December 25, 2024 and became effective on January 1, 2026, entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with the Value-added Tax Law. A small-scale taxpayer shall be exempted from VAT if it has a taxable transaction and the sales amount does not reach the threshold for levying VAT; if the sales amount has reached the threshold for levying, VAT shall be computed and paid fully pursuant to the provisions of the Value-added Tax Law. The criteria stipulated shall be stipulated by the State Council and filed with the SCNPC for the record.

Regulations on the H Share Full Circulation

"Full circulation" means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, additional unlisted domestic shares issued domestically after overseas listing and unlisted shares held by foreign shareholders. On August 10, 2023, the China Securities Regulatory Commission (the "**CSRC**") issued the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (2023 Revision) (《H股公司境內未上市股份申請"全流通"業務指引(2023修訂)》) (the "**Guidelines for the Full Circulation**"). According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share company may be entrusted to file with the CSRC. Domestic companies limited by shares that have not been listed may file with the CSRC for the "Full circulation" at the time of their initial public offering and listing overseas.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited (the "**CSDC**") and the Shenzhen Stock Exchange (the "**SZSE**") jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股"全流通"業務實施細則》) (the "**Measures for Implementation**"). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

In order to implement the Several Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market, insist on the integration of the high level of systematic liberalization and security of the capital market, and at the same time to tie in with the operational arrangements for maintaining trading in the Hong Kong securities market during inclement weather, CSDC Shenzhen Branch promulgated the Business Guide of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the "Full Circulation" of H-shares (《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》) on September 20, 2024 and came into effect on September 23, 2024, which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, and other relevant matters. In February 2020, China Securities Depository and Clearing (Hong Kong) Limited (the "**CSDC (Hong Kong)**") also promulgated the Guide of China Securities Depository and Clearing (Hong Kong) Limited to the Program for Full Circulation of H-shares, which was amended on September 20, 2024 and came into effect on September 23, 2024, to specify the relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

According to the Measures for Implementation and the Guide to the Program for Full Circulation of H-shares, shareholders who apply for H Share Full Circulation (the "**Participating Shareholders**") shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares, i.e., CSDC as the nominal shareholder, deposits the relevant securities held by Participating Shareholders at CSDC (Hong Kong), and CSDC (Hong Kong) will then deposit the securities at HKSCC in its own name, and exercise the rights to the securities issuer through HKSCC, while HKSCC Nominees as the ultimate nominal shareholder is listed on the register of shareholders of H-share listed companies.

According to the Guide to the Program for Full Circulation of H-shares, H-share listed companies shall be authorized by Participating Shareholders to designate the only domestic securities company (the "**Domestic Securities Company**") to participate in the transaction of converted H shares. The specific procedure is as follows:

Participating Shareholders submit trading orders of the converted H Shares through the Domestic Securities Company, which transmits the orders to the Hong Kong Securities Company designated by the Domestic Securities Company through Shenzhen Securities Communications Co., Ltd.; and Hong Kong Securities Company conducts corresponding securities transactions in the Hong Kong market in accordance with the aforementioned trading orders and the rules of the Hong Kong Stock Exchange.

According to the Guide to the Program for Full Circulation of H-shares, upon the completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Participating Shareholders, will all be conducted separately.

REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") which came into force on March 31, 2023. The Trial Measures regulates overseas securities offering and listing activities by domestic companies in direct or indirect form. The Trial Measures provides that (i) Chinese companies that seek to offer and list securities in overseas markets shall fulfill the filing procedures with the CSRC and report relevant information to the CSRC, and the filing shall be submitted within three working days after the application for an initial public offering is submitted, and (ii) in the event that Chinese companies that have directly or indirectly listed securities in overseas markets intend to conduct follow-on offerings in overseas markets, such companies shall fulfill the filing procedures with and report relevant information to the CSRC, and such filing shall be submitted within three business days after such follow-on offering is completed. Moreover, an overseas offering and listing is prohibited if (i) it is prohibited by provisions in laws, administrative regulations and relevant state rules;(ii) it may endanger national security as reviewed and determined by competent PRC authorities under the State Council in accordance with law; (iii) in recent three years, the domestic operating entities or their controlling shareholders or actual controllers have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy; (iv) domestic companies that are suspected of committing crimes or major violations of laws and regulations are under investigation according to law, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholders or by other shareholders that are controlled by the controlling shareholders or actual controllers.

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