
REGULATORY OVERVIEW

LAWS AND REGULATIONS IN THE PRC

This section sets out a summary of certain aspects of laws and regulations of the PRC, which are relevant to the business and operations of our Group.

Principal Regulatory Authorities

In addition to the supervision and management by authorities that perform general regulations on companies in the PRC, the Company’s operations in the PRC are mainly subject to supervision and management under the following authorities:

MIIT

The main responsibilities of the MIIT include, among others: proposing strategies and policies in relation to industrial development, drafting and organizing the implementation of industrial plans and industrial policies, drafting and promulgating industrial regulations and technical specifications, formulating and implementing standards and policies for high-tech industries, promoting the development of emerging industries, and guiding relevant industries in strengthening safety production management.

NDRC

The main responsibilities of the NDRC include, among others: organizing the formulation of a comprehensive industrial policy, regulating and managing fixed-asset investment projects, proposing strategies and policies for the utilization of inbound and outbound investment, and proposing a negative list for foreign investment access.

MOFCOM

The main responsibilities of the MOFCOM include, among others: supervising and regulating the foreign investment activities nationwide, formulating foreign investment policies and organizing their implementation, approving the establishment of and changes in foreign-invested enterprises in accordance with applicable laws, formulating administrative measures and specific policies for outbound investment, and authorizing, in accordance with the applicable laws, outbound investment by domestic enterprises.

Company Law

According to the PRC Company Law (《中華人民共和國公司法》) implemented by NPCSC on December 29, 1993 and most recently amended on December 29, 2023 and implemented on July 1, 2024, both limited liability companies and joint stock limited companies established in the PRC have the status of legal persons. The liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of capital they have contributed or shares they have subscribed for. The PRC Company Law shall also apply to foreign-invested companies unless laws on foreign investment have stipulated otherwise.

Regulations Relating to Foreign Investment

The NPC promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》) on March 15, 2019, which became effective on January 1, 2020, and sets out the definition of foreign investment and the framework for the promotion, protection and administration of foreign investment activities.

REGULATORY OVERVIEW

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. According to those measures, the relevant participants in the establishment of foreign invested enterprises, in the process of purchasing of the equities of a domestic enterprise by a foreign investor and in the process of the subscription of the increased registered capital of a domestic enterprise by a foreign investor are required to submit an initial report in a dedicated registration system. In addition, the relevant participant in the subsequent changes to important matters of the aforementioned enterprises, such as their shareholding structures, are required to submit a change report through the same registration system. Investment activities in the PRC by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the Negative List. The Negative List, which became effective on November 1, 2024, sets out special administrative measures in respect of the access of foreign investments in a centralized manner. Foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment.

Regulations Relating to Robot Industry

On July 8, 2017, the State Council issued the “Development Plan for the New Generation of Artificial Intelligence” (《新一代人工智能發展規劃》), which promotes the accelerated application of AI technologies, integration with business models, innovation in key sectors, and the cultivation of emerging AI industries to build internationally competitive AI industrial clusters.

On December 21, 2021, the MIIT, the NDRC and other 13 departments, jointly issued the 14th Five Year Plan for the Development of China’s Robot Industry (《「十四五」機器人產業發展規劃》), which seeks to promote breakthroughs in core robot technologies and high-end products.

On January 18, 2023, the MIIT and other 16 departments jointly issued the Implementation Plan for “Robot+” Application Action (《「機器人+」應用行動實施方案》), which significantly enhances the depth and breadth of applications for service robots and special-purpose robots across industries.

Regulations Relating to Product Quality

The PRC Product Quality Law (《中華人民共和國產品質量法》) promulgated by the NPCSC on February 22, 1993 and most recently amended on December 29, 2018 is the principal governing law related to the supervision and administration of product quality. According to the PRC Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and becoming effective on January 1, 2021, in the event of damages caused to others due to the defects in a product, the infringed party may seek compensation from the manufacturer or the seller of such product and shall have the right to request the manufacturer and the seller to bear tortious liabilities, such as cessation of infringement, removal of obstruction, elimination of danger, etc.

REGULATORY OVERVIEW

Regulations Relating to Importation and Exportation of Goods

The PRC Foreign Trade Law (《中華人民共和國對外貿易法》) promulgated by the NPCSC on May 12, 1994 which came into effect on July 1, 1994 and most recently amended on December 27, 2025 and the PRC Regulations on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001, most recently amended on March 10, 2024, and came into effect on May 1, 2024, both stipulated that the import and export of goods and technologies to and from the PRC are free, unless otherwise in relevant laws or administrative regulations, and all entities engaging in the business of importation and exportation of goods shall comply with applicable laws and regulations. The PRC Customs Law (《中華人民共和國海關法》) promulgated on January 22, 1987, as most recently amended on April 29, 2021, stipulates that, among other things, the consignee or consignor of import or export goods or a customs agent shall file for record with relevant customs authority before going through any customs declaration procedures. Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021, and effective from January 1, 2022, further gives detailed requirement on the documents needed for the filing and the requirement on reporting certain changes of the filed information to the relevant customs authority.

Regulations Relating to Work Safety

The PRC Work Safety Law (《中華人民共和國安全生產法》) was promulgated by the NPCSC on June 29, 2002, most recently amended on June 10, 2021 and became effective on September 1, 2021. The Work Safety Law applies to all entities engaging in production and business activities in the PRC. Such entities shall, according to the PRC Work Safety Law, strengthen work safety management, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism so as to ensure work safety. Violations of the PRC Work Safety Law may result in administrative penalties such as fine, suspension of operation and revocation of license.

Regulations Relating to Cybersecurity, Privacy and Data Security

The Provisions on Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), as promulgated on December 13, 2005 by the Ministry of Public Security of the PRC, or the MPS, require internet service providers and entity users of the internet to implement technical measures for internet security.

The Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》) promulgated by the MPS, the National Administration of State Secrets Protection, the State Cipher Code Administration and the Information Office of the State Council (now abolished) on June 22, 2007, divide the security protection of information systems into five grades based on the degree of harm caused by the destruction of such information system to the legitimate rights and interests of citizens, legal entities and other organizations, public order of the society, other public interests and national security.

On July 1, 2015, the NPCSC promulgated the PRC National Security Law (《中華人民共和國國家安全法》), which became effective on the same day. It provides that the state shall build an internet and information security protection system and improve internet and information security protection

REGULATORY OVERVIEW

capability to realize the controllable security of internet information key technologies, critical online infrastructure and the information systems and data in important fields.

On November 7, 2016, the NPCSC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which most recently amended on October 28, 2025 and became effective on January 1, 2026. It defines “networks” as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of information collecting, storing, transmitting, exchanging and processing in accordance with certain rules and procedures, and “network operators” as owners or administrators of networks or the providers of network services, which are subject to various security protection-related obligations. Network operators are subject to various security protection-related obligations. Network operators who do not comply with the PRC Cybersecurity Law may be subject to corrective orders, warnings, fines, suspension of their businesses, shutdown of their websites, and/or revocation of their business licenses.

On June 10, 2021, the NPCSC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect on September 1, 2021. The PRC Data Security Law stipulates the obligations in relation to data security and privacy for entities and individuals carrying out data processing activities. The appropriate level of protection measures is required to be taken respectively for each category of data. Violation of the PRC Data Security Law may be subject to an order to cease illegal activities, warnings, fines, suspension of business, and revocation of business licenses and/or operating permits, and the persons in charge or other directly responsible persons may be imposed with fines.

The Administrative Provisions on Security Vulnerabilities of Network Products (《網絡產品安全漏洞管理規定》) were jointly promulgated by the MIIT, the Cyberspace Administration of China, or the CAC, and the MPS on July 12, 2021 and took effect on September 1, 2021, which stipulate that, providers of cyber products (including hardware and software), network operators, organizations or individuals engaged in activities relating to the discovering, collecting and releasing security vulnerabilities of cyber products are subject to these provisions.

On July 30, 2021, the State Council promulgated the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. The regulations supplement and specify the provisions on the security of critical information infrastructure as stated in the PRC Cybersecurity Law.

On December 28, 2021, the Cybersecurity Review Measures (《網絡安全審查辦法》) were promulgated by the CAC together with other 12 PRC governmental authorities, which took effect from February 15, 2022. Pursuant to these measures, the purchase of network products and services by a critical information infrastructure operator or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, network platform operators holding personal information of over one million users shall also apply for a cybersecurity review before listing abroad. The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

On August 20, 2021, the NPCSC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) which became effective on November 1, 2021. The PRC Personal Information Protection Law stipulates the scope of personal information, sets out the rules for

REGULATORY OVERVIEW

processing personal information and the rules for cross-border transfer of personal information, as well as clarifies the individual’s rights and the personal information processor’s obligations in the process of personal information processing.

On March 22, 2024, the CAC issued the Provisions on the Promotion and Regulation of Cross-border Data Flows (《促進和規範數據跨境流動規定》). According to these provisions, the transfer of data collected and generated during specific activities such as international trade, cross-border transport, transnational manufacturing, and marketing, which do not involve personal information or important data, is exempted from the requirements to undergo data export security assessment, the need to enter into standard contracts for the transfer of personal information abroad, or obtaining personal information protection certification.

On September 24, 2024, the State Council promulgated the Regulations on the Security Management of Network Data (《網絡數據安全管理條例》), or the Network Data Regulations, which came into effect on January 1, 2025. The Network Data Regulations provide detailed implementing rules and guidance on various aspects of data compliance requirements under the existing data protection framework pillars of the PRC Cybersecurity Law, the PRC Data Security Law and the PRC Personal Information Protection Law.

Furthermore, on December 8, 2022, the MIIT promulgated the Administrative Measures for Data Security in Industry and Information Technology Sectors (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》), or the Data Security Measures, which became effective on January 1, 2023. The measures apply to data in the industry and information technology sectors, including industrial data, telecom data and radio data, or the Industry and IT Data. The Industry and IT Data processors are required by the Data Security Measures to establish a full life-circle data security management systems, designate data security management personnel, reasonably manage operation authorization and formulate responses plan and conduct emergency drills and relevant trainings.

Regulations Relating to Labor Contract, Social Insurance and Housing Provident Fund

Labor Contract

According to (i) the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the NPCSC on July 5, 1994, and most recently amended on December 29, 2018, (ii) the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the NPCSC on June 29, 2007, most recently amended on December 28, 2012 and became effective on July 1, 2013, and (iii) the Implementation Regulations for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008, the employment relationship between employers and employees must be executed in written form. In addition, employers must establish a sound labor safety and hygiene system, and the labor safety and hygiene facilities must meet the standards stipulated by relevant authorities.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the NPCSC on October 28, 2010 and most recently amended on December 29, 2018, the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1994 and most recently amended on March 24, 2019, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council and most recently amended on March 24, 2019, an enterprise

REGULATORY OVERVIEW

established within the PRC shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and contribute to the housing provident fund for its employees at a rate stipulated by the relevant authorities.

Employers that fail to promptly pay social insurance premiums in full amount will be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day. If such payment is still not made within the stipulated period, a fine ranging from one to three times of the amount in arrears will be imposed. Employers that fail to contribute to the housing provident fund in due time or contribute under the minimum amount will be ordered by the relevant housing provident fund management center to make the contribution within a stipulated period. If such contribution is still not made within the stipulated period, the relevant housing provident fund management center can file application with a people’s court for compulsory enforcement.

On July 31, 2025, the Supreme People’s Court promulgated the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the Labor Contract Law of the PRC, the People’s Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the Labor Contract Law of the PRC if the employer fails to make social insurance contributions in accordance with the law.

Regulations Relating to Intellectual Property

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the NPCSC on March 12, 1984, and most recently amended on October 17, 2020 which became effective on June 1, 2021 as well as the Implementation Rules for 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, most recently amended on December 11, 2023 and became effective on January 20, 2024, invention creations that are eligible for the application of a patent shall include inventions, utility models and designs.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the NPCSC on August 23, 1982, and most recently amended on April 23, 2019 which became effective on November 1, 2019, and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and most recently amended on April 29, 2014 which became effective on May 1, 2014, prescribe the process of registration, de-registration, renewal, alteration, transfer and invalidation of a trademark. According to the aforesaid legislations, the registration of a trademark shall be valid for ten years from the date of approval.

REGULATORY OVERVIEW

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the NPCSC on September 7, 1990, and most recently amended on November 11, 2020 which became effective on June 1, 2021, the works protected by copyright refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form. Copyright is a collection of personal and property rights, which, among others, includes the right of publication, the right of authorship, the right of modification, the right of distribution, the right of reproduction, and the right of internet information transmission.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration of the PRC on February 20, 2002 and became effective on the same date, and the Regulations on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001, and most recently amended on January 30, 2013 which became effective on March 1, 2013, the National Copyright Administration of the PRC shall be the competent authority for the nationwide administration of software copyright registration, and the Copyright Protection Center of China issues registration certificates to applicants for computer software copyrights that comply with the aforesaid measures and regulations.

Domain Name

According to the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, prior to the establishment of domain name root servers, domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the PRC, the corresponding permits shall be obtained from the MIIT or its local counterparts.

Regulations Relating to PRC Tax

Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) or the EIT Law promulgated by the National People’s Congress on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》) or the EIT Implementation Regulations promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024 and effective on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

REGULATORY OVERVIEW

Income Tax Relating to Dividend Distribution

Pursuant to the Arrangement Between the Mainland of 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 SAT 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.

According to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) promulgated on September 10, 1980, last amended on August 31, 2018 and effective on January 1, 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) or the Implementing Rules of the Individual Income Tax Law last amended on December 18, 2018 and effective on January 1, 2019, income from interest, dividends, bonuses, property leasing, property transfer and incidental income shall be subject to a proportional tax rate of 20%. In addition, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued on September 7, 2015 by the Ministry of Finance, the SAT and the CSRC, individual income tax on dividends from listed company stocks varies by holding period.

In accordance with the EIT Law and the EIT Implementation Regulations, the rate of enterprise income tax shall be 25%. A non-resident enterprise income tax should be levied at a reduced rate of 10% on income originating from within China if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but the PRC-sourced income is not connected to such establishment or premise in the PRC. Such withholding tax for non-resident enterprises are deducted at source and the payer shall be the withholding agent.

Value-added Tax

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement of the Ministry of Finance of the PRC, the State Taxation Administration and the General Administration of Customs of the PRC [2019] No. 39) (《關於深化增值稅改革有關政策的公告》(財政部、稅務總局、海關總署公告2019年第39號)) announced by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%; the originally applicable VAT rate of 10% shall be adjusted to 9%.

On December 25, 2024, the NPCSC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), or the VAT Law, which came into effect on January 1, 2026. Under the VAT Law, the VAT rate, for selling goods, providing processing, repair and replacement services and tangible movables leasing services or importing goods will be 13%, for selling transport services, postal services, basic telecommunications, buildings, real property, or real property leasing services, transferring land use rights, or selling or importing certain goods specified in the VAT Law will be 9%, for selling services or intangible assets will be 6%, and for exporting goods will be 0%, and the levy rate of VAT to which the simple tax computation method applies is 3%.

REGULATORY OVERVIEW

Stamp duty

Pursuant to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) effective as of July 1, 2022, PRC stamp duty only applies on specific proof executed or received within the PRC and with legally binding force in the PRC, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H shares by non-PRC investors outside of the PRC.

Regulations Relating to Environmental Protection

Environment Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by the NPCSC on December 26, 1989, most recently amended on April 24, 2014 and came into effect on January 1, 2015, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment of the PRC, or the MEE, is authorized to issue national standards for environmental quality and discharge of pollutants, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards for discharge of pollutants which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998 and most recently amended on July 16, 2017, depending on the impact of the construction project on the environment, a construction proprietor shall submit an environmental impact report or an environmental impact statement, or file a registration form.

According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》), which was promulgated by the NPCSC on October 28, 2002 and most recently amended on December 29, 2018, for any construction projects that have an impact on the environment, the construction proprietor is required to prepare an environmental impact report or an environmental impact statement, or file a registration form depending on the seriousness of effect that may be exerted on the environment.

Pollutant Discharge

Pursuant to the Administrative Measures for Pollutant Discharge Permit (《排污許可管理辦法》) promulgated on April 1, 2024 by the MEE and became effective on July 1, 2024, enterprises and public institutions as well as other entities engaging in production and business operations included in a certain designated catalog for pollutant discharge management shall apply for and obtain a pollutant discharge permit or complete the registration as a stationary pollution source within a prescribed time limit.

Regulations Relating to Fire Prevention

According to the PRC Fire Prevention Law (《中華人民共和國消防法》), promulgated by the NPCSC on April 29, 1998, and most recently amended to take effect on April 29, 2021,

REGULATORY OVERVIEW

enterprises are required to perform duties in relation to fire prevention. According to Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) issued by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, last amended on August 21, 2023 and effective on October 30, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Regulations Relating to Foreign Exchange

The principal regulation governing foreign currency exchange in the PRC is the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and most recently amended on August 5, 2008. According to these regulations, foreign currency transactions under capital account will be subject to restrictions and require approvals from, or registration with, the foreign exchange administrative authorities, i.e. the SAFE or its local counterparts.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on 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》) or the SAFE Circular 13, which took effect on June 1, 2015 and was most recently amended on December 30, 2019.

According to the SAFE Circular 16, and the Notice of the SAFE on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced and effective on December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies.

Regulations Relating to Overseas Securities Offering

Overseas Securities Offering

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》) were promulgated by the CSRC on February 17, 2023, and implemented on March 31, 2023. According to these trial measures, issuers seeking an overseas initial public offering or listing must file with the CSRC within three working days following the submission of their application documents for issuance and listing abroad. Issuers are also prohibited from overseas offering and listing if they fall under one of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with applicable laws; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; (v) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Where a domestic company seeks to directly offer and

REGULATORY OVERVIEW

list securities in non-domestic markets, the issuer shall file with the CSRC, submit a filing report, legal opinion, and other relevant materials and undertake that the submitted materials are all truthful, accurate and complete.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of the PRC, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archive Management of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) which came into force on March 31, 2023. These provisions require that, in relation to the direct and indirect overseas securities offering and listing activities of domestic companies, such domestic company, as well as securities companies and securities service institutions providing securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to fulfill their confidentiality and archives management duties. According to these provisions, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and/or overseas regulators any materials that may contain state secrets or have an adverse impact on the national security or public interests of the PRC, the domestic company should complete the relevant approval/filing and other regulatory procedures as required.

On December 24, 2025, The People’s Bank of China and the State Administration of Foreign Exchange jointly issued the Notice on Issues Concerning the Fund Management for Overseas Listings of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), which took effect on April 1, 2026, to further facilitate domestic enterprises in efficiently raising funds in overseas financial markets.

Full Circulation of H Shares

“Full circulation” represents listing and circulating on the Stock Exchange of the domestic unlisted shares of a domestic H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On August 10, 2023, CSRC announced the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》), allows certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for “full circulation.” Pursuant to the Overseas Listing Trial Measures, shareholders holding unlisted shares in the PRC should comply with the relevant requirements of the CSRC and appoint a domestic enterprise to file a report with the CSRC

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share “Full

REGULATORY OVERVIEW

Circulation” Business (《H股「全流通」業務實施細則》), or the Measures for Implementation. The businesses of cross-border share transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share “full circulation business”, are subject to these Measures for Implementation.

In order to fully promote the reform of H-shares “full circulation” and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, Shenzhen Branch of China Securities Depository and Clearing Corporation Limited has issued the Guidelines to the Program for “Full Circulation” of H-shares (《H股「全流通」業務指南》) on June 27, 2025, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

FINAL RULE BY THE U.S. DEPARTMENT OF THE TREASURY

On October 28, 2024, the U.S. Department of the Treasury (the “**Department of Treasury**”) issued the “Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern” (the “**Final Rule**”) to implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities imposed by Executive Order 14105, “Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern” (the “**Outbound Order**”). The Final Rule became effective on January 2, 2025.

Application Scope of the Final Rule

The Final Rule applies to investments by U.S. person as to “covered transactions” involving “covered foreign person” associated with a “country of concern” in “covered activities.”

- “Covered transactions” under the Final Rule include (1) acquisition of equity (including purchases of shares in an initial public offer) or contingent equity, (2) debt financing, (3) conversion of contingent equity interest, (4) greenfield and brownfield investments, (5) joint ventures, and (6) investments made as a limited partner.
- “Covered activities” include activities in (1) semiconductors and microelectronics sectors, (2) quantum information technologies sectors and (3) artificial intelligence sectors that pertain to national security technologies and products.
- “Country of concern” for now is the PRC, including Hong Kong and Macau.
- “Covered foreign person” means (1) a person of a country of concern who or who is engaged in activities involving one or more of the three sectors of semiconductors and microelectronics, quantum information technologies, and artificial intelligence, and (2) a person that directly or indirectly holds a board seat on, a voting or equity interest in, or any contractual power to direct the management or policies of a person of a country of concern.

Major Components of the Final Rule

The Final Rule introduced notification requirements for “notifiable transactions” and outright prohibitions on “prohibited transactions.” In addition, certain transactions that would be either prohibited transactions or notifiable transactions are excepted from the prohibition or notification

REGULATORY OVERVIEW

requirements if certain conditions are met. Details of the prohibited transactions, notifiable transactions and excepted transactions are set forth below.

Prohibited Transactions

Prohibited transactions are certain U.S. investments in a covered foreign person, which refers to a person of a country of concern engaged in one or more covered activities. A U.S. person may not engage in a prohibited transaction unless an exception for that transaction applies. For instance, investments by U.S. persons in covered foreign persons engaged in the following activities in the AI industry reach the threshold for “prohibited transactions” under the Final Rule:

- the development of any AI system that is designed to be exclusively used for, or which the relevant covered foreign person intends to be used for any:
 - military end use, including, for instance, for weapons targeting, target identification, combat simulation, military vehicle or weapon control, military decision-making, weapons design (including chemical, biological, radiological, or nuclear weapons), or combat system logistics and maintenance)
 - government intelligence or mass-surveillance end use, including, for instance, through incorporation of features such as mining text, audio, or video; image recognition; location tracking; or surreptitious listening devices
- the development of any AI system that is trained using a quantity of computing power greater than:
 - 10^{25} computational operations, such as integer or floating-point operations
 - 10^{24} computational operations, such as integer or floating-point operations, using primarily biological sequence data

Notifiable Transactions

Notifiable transactions are certain U.S. investments in a covered foreign person engaged in activities that do not reach the threshold for prohibited transactions but are separately listed in the Final Rule. Notifiable transactions require notification by U.S. persons to the U.S. Treasury Department within 30 days of closing. For instance, in the AI industry, the following activities are subject to the notifiable transactions:

- the development of any AI system that is not described in the preceding “Prohibited Transactions” section and that is
 - designed to be used for any military end use, such as for weapons targeting, target identification, combat simulation, military vehicle or weapons control, military decision-making, weapons design (including chemical, biological, radiological, or nuclear weapons), or combat system logistics and maintenance; or government intelligence or mass-surveillance end use, such as through incorporation of features such as mining text, audio, or video; image recognition; location tracking; or surreptitious listening devices)
 - intended by the covered foreign person or joint venture to be used for (i) cybersecurity applications, (ii) digital forensics tools, (iii) penetration testing tools, or (iv) the control of robotic systems.

REGULATORY OVERVIEW

- trained using a quantity of computing power greater than 10^{23} computational operations, such as integer or floating-point operations.

Excepted Transactions

The Final Rule provides certain categories of excepted transactions from coverage, provided that such transactions do not afford the U.S. person certain rights beyond standard minority shareholder protections. Excepted transactions include (1) certain investments in publicly traded securities, (2) securities issued by investment companies, (3) certain limited partner or equivalent investments, (4) derivatives, (5) full buyouts from a person of a country of concern, (6) certain intracompany transactions, (7) certain syndicated debt financings, (8) equity-based compensation, and (9) certain transactions involving a person of a country or territory outside of the U.S. based on a determination by the Department of Secretary.

Under the Final Rule, the publicly traded securities exception includes a security traded on a non-U.S. exchange or a security traded over-the-counter in addition to a security traded on a U.S. exchange. However, an acquisition of securities in a covered foreign person that are not yet publicly traded for the purpose of facilitating an initial public offer would be a covered transaction under the Final Rule.