REGULATORY OVERVIEW

This section provides a summary of the key laws and regulations in the People's Republic of China (PRC) that are most relevant to and may have a material impact on our business operations.

REGULATIONS AND POLICIES ON ARTIFICIAL INTELLIGENCE TECHNOLOGIES

The rapid growth of China's AI market is driven by multiple favorable factors, including government policies. On May 8, 2015, the State Council issued the notice on promulgating Made in China 2025 Plan (《中國製造2025》). Made in China 2025 Plan emphasizes the acceleration of the promotion of integrated development of new generation information technology and manufacturing technology, and regards intelligent manufacturing as the main direction of comprehensive integration of informatization and industrialization. Meanwhile, it is underlined that efforts should be made to develop intelligent equipment and intelligent products, promote intelligent production process, cultivate new production methods, and comprehensively enhance the intelligent level of research and development, production, management and service of enterprises.

On July 8, 2017, the State Council issued the Circular on the Development Planning of the New Generation of Artificial Intelligence (《關於印發新一代人工智能發展規劃的通知》). The circular provides three strategic steps in developing a new generation of artificial intelligence technology, and set goals to have China's artificial intelligence technology reach leading level in the world and become one of the major artificial intelligence innovation centers in the world. On November 8, 2018, the MIIT issued the Plan for Key Tasks in a New Generation of AI Innovation (《新一代人工智能產業創新重點任務揭榜工作方案》) and encouraged to select a batch of innovated companies that own key technologies based on artificial intelligence, and have them collectively focus on enhancing products, platforms, and services with advanced technologies and excellent performance. The Guidelines for the Construction of National Open Innovation Platforms for the New Generation Artificial Intelligence (《國家新一代人工智能開放創新平台建設工作指引》), promulgated by the Ministry of Science and Technology on August 1, 2019 and came into effect on the same date, provides that "open and sharing" shall be the important philosophy in promoting artificial intelligence innovation and industry development in China, and encouraged to open innovation platforms for companies to do testing, and thus to form standard and modularized models, middleware and applications for providing services to the public in the form of open interfaces, model libraries, algorithm packages, etc. The Guidelines for Work to Construct National Pilot Zones for Innovative Development of New-Generation Artificial Intelligence (《國家新一代人工智能創新發展試驗區建設工作指引》), promulgated by the Ministry of Science and Technology on August 29, 2019, as amended on September 29, 2020 and effective on the same date, underlines that an environment conducive to the innovation and development of artificial intelligence shall be created, as well as to promote the construction of artificial intelligence infrastructure and strengthen the conditional support for the innovation and development of artificial intelligence.

The Outline of the 14th Five-Year Plan for National Economic and Social Development of the PRC and the Long-Range Objectives Through the Year 2035. (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), approved by the National People's Congress (the "NPC") on March 11, 2021, sets out the focus of key areas include high-end chips, operating systems, key artificial intelligence algorithms and sensors, and the PRC shall speed up research and development in basic theories, basic algorithms, and equipment materials and make breakthroughs in such area.

On July 29, 2022, the Ministry of Science and Technology and other five relevant governmental authorities jointly promulgated the Guiding Opinions on Accelerating Scene Innovation to Promote High-quality Economic Development through High-level Application of Artificial Intelligence (《關於加快場景創新以人工智能高水平應用促進經濟高質量發展的指導意見》), which proposes to encourage in-depth exploration of artificial intelligence technology application scenarios in key industries.

On August 21, 2025, the State Council issued and implemented the Opinions of the State Council on Deepening the Implementation of the "Artificial Intelligence+" Initiative (《國務院關於深入實施"人工智能+"行動的意見》), which proposes exploring and promoting high-level health assistants accessible to all, and orderly advancing the application of artificial intelligence in scenarios such as assisted diagnosis, health management, and medical insurance services, thereby significantly enhancing the capacity and efficiency of primary healthcare services.

REGULATIONS RELATING TO SMART HEALTHCARE

According to the Opinions on Promoting the Development of "Internet Plus Healthcare" (《關於促進「互聯網+醫療健康」發展的意見》), promulgated by the General Office of the State Council on April 25, 2018, China seeks to advance the use of artificial intelligence and internet technologies to improve healthcare services. The Opinions promote the research and development of clinical diagnosis and treatment decision-support systems based on artificial intelligence, the application of intelligent medical image recognition, pathological classification, multidisciplinary consultation, and intelligent voice technology in multiple scenarios, in order to enhance the efficiency of medical services.

In addition, the Reference Guidelines for Application Scenarios of Artificial Intelligence in the Healthcare Sector (《衛生健康行業人工智能應用場景參考指引》), issued by the General Office of the National Health Commission, Department of General Administration of the State Administration of Traditional Chinese Medicine and Department of General Administration of the National Disease Control and Prevention Administration on November 6, 2024, further clarify the application standards and reference specifications for artificial intelligence technologies in the fields of clinical diagnosis and treatment, health management, medical research, and public health. These guidelines provide direction for internet enterprises and medical institutions in the compliant development and deployment of artificial intelligence applications in smart healthcare, with the aim of improving service security, effectiveness, and controllability.

REGULATIONS ON INTERNET HEALTHCARE

The State Council of the PRC promulgated the Regulations on the Administration of Medical Institutions (2022 version) (《醫療機構管理條例(2022修訂)》) on February 26, 1994, which were last amended on March 29, 2022, and came into effect on May 1, 2022. This Regulation shall apply to hospitals, health centers, nursing homes, out-patient division, clinics, health center (or office), first aid stations and other medical institutions engaging in the diagnosis and treatment of diseases. The health administration of the State Council shall be responsible for the supervision and administration of the medical institutions across the country.

The National Health Commission (the "NHC") promulgated Notice of the National Health Care Commission on the Issuance of National Health Care Big Data Standards, Security and Service Management Measures (for Trial Implementation) (《關於印發國家健康醫療大數據標準、安全和服務管理辦法(試行)的通知》) on July 12, 2018 and came into effect on the same day. It is clear that, in the process of promoting the application and development of healthcare big data, relevant laws, regulations and documents should be strictly complied with, and on the basis of strengthening standards management and safety management, management should be put into service, so as to lay the foundation for enhancing the service capability and management level of healthcare big data. In terms of data collection, the responsible units shall strictly implement the relevant national and industry standards and procedures, and shall achieve uniform standards, standardized terminology and accurate content, as well as strictly implement the procedure of reviewing and final examination of information to ensure data quality. In terms of data storage, big healthcare data should be stored within the country, and when it is provided outside the country due to business needs, it should be subject to security assessment and review in accordance with relevant laws, regulations and requirements.Notice of the General Office of the National Health Commission and the Office of the State Administration of Traditional Chinese Medicine on the issuance of the Rules for the Regulation of Internet Diagnosis and Treatment (for Trial Implementation) (《國家衛生健康委辦公

廳、國家中醫藥局辦公室關於印發互聯網診療監管細則(試行)》) was promulgated on February 8, 2022 and came into effect on the same date.First, regulatory requirements for medical institutions carrying out Internet diagnosis and treatment activities. Specifically, it includes the way and content of supervision, and specifies the requirements related to departmental setup, management system, informed consent of patients, social supervision, evaluation and withdrawal mechanism. Secondly, it puts forward regulatory requirements for medical personnel carrying out Internet diagnosis and treatment activities. Specifically including medical personnel identity and qualification certification, training and assessment, registration and filing and other related requirements. Third, the Internet diagnosis and treatment of business activities put forward regulatory requirements. Specifically, it includes the real-name system of consultation, reception and termination conditions, electronic medical record management, drug management, fee management, ethical construction, data interface, data preservation and other related requirements. Fourthly, it specifies the requirements for the regulatory responsibility of Internet diagnosis and treatment activities, such as medical quality, patient safety, network safety, information feedback channels, adverse event reporting, and release content.

Notice by the NHC and the State Administration of Traditional Chinese Medicine on Issuing the Measures for the Administration of Internet Diagnosis and Treatment (for Trial Implementation) and Other Two Documents (《國家衛生健康委員會、國家中醫藥管理局關於印發互聯網診療管理辦法(試行)等3個文件的通知》) promulgated on July 17, 2018 and came into effect on the same date. The Measures for the Administration of Internet Diagnosis and Treatment (for Trial Implementation) (《互聯網診療管理辦法(試行)》) makes it clear that Internet diagnosis and treatment refers to the use of physicians registered in medical institutions to carry out, through the Internet and other information technologies, part of the follow-up diagnosis of common diseases and chronic diseases and the "Internet +" family doctor contracting service. The State implements access management for Internet diagnosis and treatment activities. The Measures for the Administration of Internet Hospitals (for Trial Implementation) (《互聯網醫院管理辦法(試行)》) clarifies the concept of Internet hospitals, including Internet hospitals as the second name of physical medical institutions, and Internet hospitals independently relying on physical medical institutions. The state implements access management for Internet hospitals. Specifications for the Administration of Remote Medical Services (for Trial Implementation) (《遠程醫療服務管理規範(試行)》) specifies the two scenarios of telemedicine services, as well as the administration of such services in relation to Internet hospitals. It makes provisions for the basic conditions of medical institutions, personnel, equipment and facilities.

The Law on Doctors of the PRC (《中華人民共和國醫師法》) was promulgated by the SCNPC of the PRC on August 20, 2021, and came into effect on March 1, 2022. This Law is enacted for the purposes of protecting the lawful rights and interests of doctors, regulating the practicing acts of doctors, strengthening the ranks of doctors, protecting the people's health and promoting the construction of healthy China. Notice by the General Office of the National Health and Family Planning Commission and the General Office of the National Administration of Traditional Chinese Medicine of Issuing the Management Standards for the Application of Electronic Medical Records (for Trial Implementation) (《國家衛生計生委辦公廳、國家中醫藥管理局辦公室關於印發電子病歷應用管理規範(試行)的通知》) was promulgated on February 15, 2017 and became effective on April 1,2017. Medical institutions implementing electronic medical records shall apply this specification to the establishment, recording, modification, use, preservation and management of their electronic medical records.

REGULATIONS RELATING TO MEDICAL DEVICES

According to the Measures for the Supervision and Administration of the Operation of Medical Devices (《醫療器械經營監督管理辦法》), promulgated by the State Administration for Market Regulation on July 30, 2014, amended on March 10, 2022, and effective from May 1, 2022, and the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), promulgated by the State Council on February 9, 2021, most recently amended on December 6, 2024, and effective from January 20, 2025, the production and operation of medical devices in China are subject to risk-based classification management, with corresponding qualification requirements according to risk level. Medical devices are categorized into three classes: (i) Class I medical devices, which are considered low risk, can ensure safety and effectiveness through routine management, and therefore may be sold and circulated without the need for filing or obtaining an operating license from the drug regulatory authority; (ii) Class II medical devices, which are deemed moderate risk, require enterprises to establish strict management and quality control systems, and their production is contingent upon obtaining a Medical Device Production License; (iii) and Class III medical devices, which are considered high risk, may only be produced after securing the relevant production license, with enterprises further required to adopt special management measures to ensure their safety and effectiveness.

Enterprises engaged in medical device production must have production sites, environmental conditions, equipment, and professional personnel suitable for the products, as well as quality inspection institutions or dedicated inspectors and relevant inspection facilities. Enterprises must also establish a comprehensive quality management system, possess after-sales service capabilities appropriate for the product type, and ensure production processes comply with technical specifications and product registration requirements. The production license is generally valid for five years, and renewal must follow administrative licensing procedures. When production conditions change or may affect product safety and effectiveness, enterprises must take corrective measures in a timely manner, suspend production if necessary, and report to the relevant regulatory authorities. Unauthorized production or operation of moderate or high-risk medical devices without a license or filing may result in confiscation of illegal gains, seizure of illegal products and production tools, fines, and in severe cases, responsible persons or operators may be prohibited from applying for medical device licenses for a certain period.

According to the Good Manufacturing Practice for the Operation of Medical Devices (《醫療器械經營質量管理規範》), promulgated by the National Medical Products Administration (the "NMPA") on December 12, 2014, amended on December 4, 2023, and effective from July 1, 2024, enterprises engaged in the operation of medical devices must establish and maintain a quality management system that matches their scope and scale of business; strictly implement requirements on organizational structure, personnel training, facilities and equipment, computer systems, procurement, acceptance inspection, storage, sales, transportation, after-sales services, and record keeping; and ensure that the entire process of medical device operation is controllable, traceable, and compliant with laws and regulations.

REGULATIONS RELATING TO CYBER SECURITY, INFORMATION SECURITY, PRIVACY AND DATA PROTECTION

Regulations Relating to Cyber Security

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》, the "Cybersecurity Law"), promulgated by the Standing Committee of the NPC on November 7, 2016, and effective from June 1, 2017, China establishes the fundamental legal framework in the field of cyberspace. The Cybersecurity Law applies to the construction, operation, maintenance, and supervision of networks within China. It requires network operators to adopt necessary technical and management measures to prevent cyberattacks, intrusions, and other security risks, and to ensure the integrity, confidentiality, and availability of networks and data. When collecting and using personal information, network operators must follow the principles of legality, legitimacy, and necessity, and implement a real-name registration system, under which users who do not provide authentic identity information may not access relevant services.

According to the Cybersecurity Review Measures (《網絡安全審查辦法》), revised and issued by the CAC and twelve other departments on December 28, 2021, and effective from February 15, 2022, China establishes a security review mechanism for critical information infrastructure operators and network platform operators, focusing on network products, services, and data processing activities that may affect national security. Under these Measures, critical information infrastructure operators that procure key network products or services, as well as network platform operators holding personal information of more than one million users and seeking overseas listing, must apply for review with the Cybersecurity Review Office in accordance with the law. At the same time, regulatory authorities may also initiate a review process if they consider that an enterprise's products, services, or data processing activities may affect national security.

According to the Regulation on the Security Protection of Computer Information Systems (《計算機信息系統安全保護條例》), promulgated by the State Council on February 18, 1994, and revised on January 8, 2011, China establishes a graded protection system for the security of computer information systems. The Regulation requires entities using computer information systems to adopt protective measures to prevent viruses and other hazards, and to ensure the safe operation of the systems. It also specifies the supervisory responsibilities of public security authorities and requires entities to implement necessary technical and management measures to prevent information leakage, tampering, or loss.

Regulations Relating to Personal Information

According to the Civil Code of the PRC (《中華人民共和國民法典》, the "Civil Code"), adopted at the Third Session of the 13th NPC on May 28, 2020, and effective from January 1, 2021, the right to privacy of natural persons is recognized as a fundamental personality right, and personal information is protected by law. The Civil Code requires that the processing of personal information follow the principles of legality, legitimacy, and necessity, and satisfy the following conditions: (i) obtain the consent of the natural person or his/her guardian, unless otherwise provided by laws and regulations; (ii) inform the individual clearly of the purpose, method, and scope of information processing; and (iii) refrain from violating laws, regulations, or agreements between the parties. Information processors must adopt technical and management measures to ensure the security of collected and stored information, and to prevent leakage, alteration, or loss. In the event of actual or potential risks, remedial measures must be taken promptly, and the individual must be notified while reporting to the competent authorities in accordance with the law.

The Civil Code also revises internet tort liability and establishes the "notice-and-takedown rule" as a safe harbor principle. Network service providers that only provide neutral technical services such as information storage, search, or links are not liable for infringement if they are not aware of the infringing activity. However, if they fail to take necessary measures after receiving a notice from the rights holder, or if they knowingly allow infringing activities to continue, they shall bear joint liability with the infringing user. After deleting, blocking, or disconnecting links, network service providers must promptly notify the user concerned. If the user believes his or her actions do not constitute infringement, the user may submit a counter-notice requesting the restoration of the content. The service provider must then restore the content and assume any resulting legal consequences.

According to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》, the "Personal Information Protection Law"), promulgated by the Standing Committee of the NPC on August 20, 2021, and effective from November 1, 2021, the scope of personal information and the rules for its processing are clearly defined. The Personal Information Protection Law grants individuals rights in the processing of their personal information, including the rights to be informed, to decide, to access, to correct, to delete, and to request explanations. At the same time, it imposes compliance obligations on information processors, requiring them to adopt management and technical measures to prevent information leakage, taking into account the purposes, methods, types of information, impacts on individual rights, and security risks. Large internet platforms must establish supervisory mechanisms and assume greater responsibility for personal information protection. With respect to cross-border transfers, the law requires information processors to take measures to ensure that the processing activities of overseas recipients meet China's personal information protection standards.

According to the Provisions on Protecting the Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》), promulgated by the MIIT on July 16, 2013, and effective from September 1, 2013, specific requirements are imposed on telecommunications business operators and internet information service providers. Providers must formulate and disclose rules for the collection and use of personal information; may not collect information unrelated to the services provided without user consent; and must inform users of the purposes, methods, and scope of information collection and use, provide channels for users to access and correct their information, and notify users of the consequences of refusing to provide information.

Regulations Relating to Data Security

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》, the "Data Security Law"), promulgated by the Standing Committee of the NPC on June 10, 2021, and effective from September 1, 2021, China establishes a data protection system based on data categories and security levels, taking into account the importance of data to economic and social development and the potential harm that illegal use of data may cause to national security, public interest, or the rights of individuals and organizations. Data processors are required to classify and grade data according to its importance and sensitivity. Data that are crucial to national security, the economy, people's livelihood, and major public interests are defined as "national core data", which must be subject to the highest level of protection. Data processors must also conduct regular data security assessments, identify potential risks, and report significant risks to relevant authorities with an assessment report. Activities that affect or may affect national security are subject to data security review, and data involving national security, interests, or international obligations are subject to China's export control regime. Important data processors must appoint a data security officer and establish a management department responsible for data security, regularly assess the risks of their data activities, and submit assessment reports to the relevant supervisory authorities. Data transaction intermediaries must verify the source of the data and the identities of the transaction parties and retain relevant records. Entities or individuals violating the Data Security Law may face warnings, fines, suspension of business, revocation of licenses or business permits, and even criminal liability, with fines up to RMB10 million.

According to the Regulation on Network Data Security Management (《網絡數據安全管理條例》, the "Data Security Regulation"), promulgated by the State Council on August 30, 2024, and effective from January 1, 2025, China further improves the system for important data security. The Data Security Regulation clarifies the responsibilities for formulating catalogs of important data, stipulates the obligations of network data processors to identify and declare important data, and provides detailed requirements for risk assessments. It also emphasizes that network data security management institutions and officers bear direct responsibility for data security. With respect to cross-border data transfer, the Data Security Regulation refines the applicable requirements and specifies the conditions under which network data processors may provide personal information abroad, including transfers based on international treaties or agreements. Where data have not been identified or published as important data, no outbound security assessment for important data is required when such data are provided abroad. The Data Security Regulation further specifies the data security responsibilities of network platform service providers and third-party product or service providers. For example, it imposes management requirements on information distribution based on automated decision-making, requires large platforms to publish annual social responsibility reports on personal information protection, and obliges them to adopt measures to prevent cross-border data security risks.

According to the Provisions on Promoting and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》), issued by the CAC on November 28, 2023, China aims to facilitate cross-border data flows under the principle of security and controllability. In addition, the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), effective from September 1, 2022, require data processors to apply to the CAC for a security assessment when providing abroad data collected or generated by critical information infrastructure operators, important data, or personal information reaching a certain threshold, in order to ensure that the overseas recipient's data processing activities comply with China's laws and regulations.

REGULATIONS RELATING TO FOREIGN INVESTMENT

According to the Company Law of the PRC (《中華人民共和國公司法》, the "Company Law"), promulgated by the Standing Committee of the NPC on December 29, 1993, and most recently amended on December 29, 2023, effective from July 1, 2024, the establishment, operation, and management of corporate entities in China are governed by the Company Law. The Company Law regulates two main corporate forms: limited liability companies and joint stock companies. Both forms enjoy the status of independent legal persons. Shareholders of a limited liability company bear liability to the extent of their subscribed capital contributions, while shareholders of a joint stock company bear liability to the extent of their subscribed shares. Unless otherwise provided by foreign investment laws, the Company Law also applies to foreign-invested enterprises, including foreign-invested limited liability companies and joint stock companies.

Foreign-invested entities in China are further subject to foreign investment laws and regulations. The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), promulgated by the NPC on March 15, 2019, together with the Regulation on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), promulgated by the State Council on December 26, 2019, both came into effect on January 1, 2020. "Foreign investment" refers to investment activities directly or indirectly carried out within China by foreign investors, including foreign natural persons, foreign enterprises, or other foreign organizations. The Foreign Investment Law establishes the basic institution for foreign investment, implementing a system of pre-establishment national treatment plus a negative list management model. The negative list is approved by the State Council and published or revised in due course.

The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024 年版)》, the "2024 Negative List"), jointly issued by the NDRC and the Ministry of Commerce on September 6, 2024, and effective from November 1, 2024, provides unified rules on equity structure, management positions, and access to certain industries for foreign investment. Foreign investors are prohibited from entering industries listed in the prohibited category, while investments in restricted industries are subject to specified conditions. For industries and sectors not included in the negative list, foreign investment is managed on the principle of national treatment, consistent with domestic investment. The 2024 Negative List expressly provides that medical institutions may only be established in the form of Sino-foreign joint ventures and may not be wholly foreign-owned. Our business does not fall within the scope of industries restricted or prohibited for foreign investment.

REGULATIONS ON ANTI-MONOPOLY

Pursuant to the PRC Anti-Monopoly Law (Revised in 2022) (the "Anti-Monopoly Law") (《中華人民共和國反壟斷法》(2022修訂)) promulgated by the SCNPC on June 24, 2022 and took effect on August 1, 2022, prohibited monopolistic conducts including monopoly agreements, abuse of dominant market position and concentration of business operators that may have the effect of eliminating or restricting competition.

Monopoly Agreement

Pursuant to the Anti-Monopoly Law and the Provisions on the Prohibitions of Monopoly Agreements (《禁止壟斷協議規定》), which was issued by the SAMR on March 10, 2023 and took effect on April 15, 2023 and replaced the Interim Provisions on the Prohibitions of Monopoly Agreements (《禁止襲斷協議暫行規定》), competing business operators shall not enter into monopoly agreements that eliminate or restrict competition, such as by boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities, fixing the price of commodities for resale to third parties, and shall not enter into other acts in concert. Pursuant to the Provisions on the Prohibitions of Monopoly Agreements, when identifying other acts in concert, the following factors shall be considered: (i) whether the market behaviors of operators are consistent, (ii) whether operators have communication of intention or information exchange, (iii) whether operators can reasonably explain the consistency of the behaviors, and (iv) the market structure, competition status, market changes and other circumstances of the relevant markets. Such monopoly agreements and other acts in concert are prohibited unless, among others, the agreement will satisfy the exemptions under the Anti-monopoly Law, such as improving technologies, increasing the efficiency and competitiveness of small and medium-sized undertakings, or safeguarding legitimate interests in cross-border trade and economic cooperation with foreign counterparts. Sanctions for violations include an order to cease the relevant activities, and confiscation of illegal gains and fines (from 1% to 10% of sales revenue from the previous year, or up to RMB3,000,000 if the intended monopoly agreement has not been performed).

Abuse of Dominant Market Position

Pursuant to the Anti-Monopoly Law, a business operator with a dominant market position shall not abuse its dominant market position to conduct acts, such as selling commodities at unfairly high prices or buying commodities at unfairly low prices, selling products at prices below cost without any justifiable cause, and refusing to trade with a trading party without any justifiable cause. The Provisions on Prohibition of Abuse of Market Dominance (《禁止濫用市場支配地位行為規定》), which was issued by the SAMR on March 10, 2023 and took effect on April 15, 2023 and replaced the Interim Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為暫行規定》), providing relevant factors to consider when deciding whether a specific business operator enjoys a dominate market position. Sanctions for violation of the prohibition on the abuse of dominant market position include an order to cease the relevant activities, confiscation of the illegal gains and fines (from 1% to 10% of sales revenue from the previous year).

Concentration of Business Operators

Pursuant to the Anti-Monopoly Law, where a concentration of business operators reaches the threshold for declaration, an advance declaration shall be made to the anti-monopoly law enforcement authority under the State Council. Concentration of business operators refers to (i) a merger of business operators; (ii) acquiring control over other business operators by acquiring equities or assets; or (iii) acquisition of control over or the possibility of exercising decisive influence on other business operators by contract or by any other means. If a business operator fails to comply with the mandatory declaration requirement, the anti-monopoly enforcement authority is empowered to terminate and/or unwind the transaction, dispose of relevant assets, shares or businesses within certain periods and impose a fine of up to 10% of its sales revenue in the previous year or a fine up to RMB5,000,000 if the concentration has no effect of eliminating or restricting competition.

The Provisions on the Review of Business Operator Concentration (《經營者集中審查規定》) promulgated by the SAMR on March 10,2023 and implemented on April 15, 2023, which replaced the Interim Provisions on the Review of Business Operator Concentration (《經營者集中審查暫行規定》) issued on October 23, 2020 and its amendment issued on March 24, 2022, further providing matters such as the declaration and review of the concentration of business operators and the investigation of the illegal implementation of the concentration of business operators.

REGULATIONS ON ANTI-UNFAIR COMPETITION

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the "Anti-Unfair Competition Law"), which was amended by the SCNPC and came into effect on April 23, 2019, unfair competition is defined as an act in which an operator violates the provisions of the Anti-Unfair Competition Law in its production and operation activities, disturbs the market competition order and damages the legitimate rights and interests of other operators or consumers. According to the Anti-Unfair Competition Law, business operators shall abide by the principles of voluntariness, equality, fairness and integrity and abide by laws and business ethics in their market transactions. Operators who violate the provisions of the Anti-Unfair Competition Law shall be subject to corresponding civil, administrative or criminal liabilities according to the specific circumstances.

Pursuant to the Provisional Regulations of the State Administration for Industry and Commerce on Banning Commercial Bribery (《國家工商行政管理局關於禁止商業賄賂行為的暫行規定》) (the "Provisions on Banning Commercial Bribery") promulgated by the former State Administration for Industry and Commerce and taking effect on November 15, 1996, commercial bribery refers to the act of a business operator to bribe another entity or individual by using property or other means for the purpose of selling or purchasing goods, and "other means" refers to the means of providing benefits other than property, such as travel or visits, in various names at home and abroad. According to the Anti-Unfair Competition Law and the Provisions on Banning Commercial Bribery, the supervision and inspection authorities may impose fines according to the circumstances, and confiscate any illegal gains.

REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), promulgated by the Standing Committee of the NPC on January 29, 1996, and most recently amended on August 5, 2008, the state implements a unified foreign exchange administration system. Under these Regulations, all foreign exchange receipts and payments must be conducted in accordance with the law and are subject to the supervision of the State Administration of Foreign Exchange (the "SAFE") and its local branches. Foreign exchange receipts and payments under current accounts by domestic institutions and individuals are unrestricted, while cross-border capital flows under capital accounts are strictly regulated. Domestic conversion of RMB into foreign currencies and remittance of the converted foreign exchange abroad require prior approval from SAFE or its authorized institutions.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Management Policy of Capital Account Foreign Exchange Settlement (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), promulgated by SAFE on June 9, 2016, and most recently amended on December 4, 2023, foreign exchange income under capital accounts may be settled in banks according to the actual operational needs of domestic institutions. The tentative proportion of voluntary settlement of capital account foreign exchange income by domestic institutions is set at 100%, and SAFE may adjust this proportion as appropriate based on the balance of payments situation.

According to the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border 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》), promulgated on October 23, 2019, and most recently amended on December 4, 2023, non-investment foreign-invested enterprises are allowed, under the premise of compliance with the current negative list and the authenticity and legality of relevant domestic investment projects, to lawfully settle their foreign exchange capital in RMB and use the RMB funds for equity investment within China, removing previous restrictions on the use of capital.

According to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), promulgated in April 10, 2020, subject to ensuring the authenticity and compliance of fund use and conformity with current capital account income management rules, qualified enterprises are allowed to use capital funds, foreign debt, and capital account income from overseas listings for domestic payments without providing authenticity proof for each transaction to the bank in advance; the handling bank may conduct post-event checks as required.

REGULATIONS RELATING TO TAXATION

Regulations Relating to Enterprise Income Tax (the "EIT")

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》, the "Enterprise Income Tax Law"), promulgated by the Standing Committee of the NPC on March 16, 2007, and effective from January 1, 2008, and the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》, the "Implementation Regulations of the Enterprise Income Tax Law"), promulgated by the State Council on December 6, 2007, most recently revised on December 6, 2024, and effective as of January 20, 2025, enterprises established within China, as well as foreign enterprises that have establishments or places in China and derive income, are required to pay EIT in accordance with the law. The statutory EIT rate is 25%, applied equally to domestic and foreign-invested enterprises. Qualified small and low-profit enterprises may be taxed at a reduced rate of 20%, and high-tech enterprises may be taxed at a reduced rate of 15%. Non-resident enterprises that have establishments or places in China and derive income are subject to EIT at a rate of 20%. Non-resident enterprises that do not have establishments or places in China, or have establishments or places but earn income not effectively connected to them, shall pay EIT at a rate of 10% on income sourced within China.

Regulations Relating to Value-added Tax (the "VAT")

According to the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》, the "VAT Provisional Regulations"), promulgated by the State Council on December 13, 1993, and most recently revised on November 19, 2017, effective on the same date, and the Implementation Rules of the Provisional Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》), promulgated by the Ministry of Finance on December 25, 1993, and most recently revised on October 28, 2011, effective from November 1, 2011, units and individuals selling goods, providing processing, repair, and replacement services, selling services, intangible assets, or real estate, as well as importing goods in China, are required to pay VAT in accordance with the law. Unless otherwise provided, the applicable VAT rate for the sale of goods, labor services, and leasing of tangible movable property, or for imported goods, is 17%, while the applicable rate for the sale of services and intangible assets is 6%. Exported goods are subject to a zero tax rate, and domestic units and individuals providing cross-border services or intangible assets within the scope prescribed by the State Council are also subject to a zero tax rate.

Subsequently, according to the Notice on Adjusting VAT Rates (《關於調整增值稅稅率的通知》), promulgated by the Ministry of Finance and the State Taxation Administration on April 4, 2018, and effective from May 1, 2018, the original VAT rates of 17% and 11% for taxable sales or imported goods were adjusted to 16% and 10%, respectively. Further, according to the Announcement on Policies Related to Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》), promulgated by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019, and effective from April 1, 2019, the original 16% rate was adjusted to 13%, and the original 10% rate was adjusted to 9%.

Finally, the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》, the "VAT Law"), promulgated by the Standing Committee of the NPC on December 25, 2024, and effective from January 1, 2026, replaces the original VAT Provisional Regulations. The VAT Law clarifies that, unless otherwise provided, the applicable VAT rate for the sale of goods, processing, repair and replacement services, leasing of tangible movable property, and imported goods is 13%, while the sale of other services and intangible assets is subject to a 6% rate. Taxpayers generally calculate VAT payable by deducting input VAT from output VAT. Only three categories of items are non-deductible: catering services for direct consumption, daily services for residents, and entertainment services.

Regulations Relating to Withholding Income Tax

According to the Enterprise Income Tax Law and the Implementation Regulations of the Enterprise Income Tax Law, non-resident enterprises deriving income from China, such as dividends, interest, and royalties, are generally subject to a withholding income tax at a rate of 10%. Under 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, if a Hong Kong enterprise directly holds at least 25% of the equity of a Chinese enterprise, it may enjoy a reduced withholding tax rate of 5%, benefiting from a 50% tax reduction.

In addition, the Announcement of the State Taxation Administration on the Issuance of the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits (《關於發佈<非居民納稅人享受協定待遇管理辦法>的公告》), issued by the State Taxation Administration on October 14, 2019, and effective from January 1, 2020, simplified the procedures for non-resident taxpayers to enjoy treaty benefits. Non-resident taxpayers do not need approval from the tax authorities to enjoy treaty benefits; if they determine that they meet the conditions, they may claim treaty benefits when filing tax returns or through the withholding agent during withholding declaration. Relevant materials must be collected and retained for record-keeping, and the taxpayers remain subject to subsequent management by the tax authorities.

Furthermore, according to the Announcement on Issues Regarding the "Beneficial Owner" in Tax Treaties (《關於稅收協定中"受益所有人"有關問題的公告》), promulgated by the State Taxation Administration on February 3, 2018, and effective from April 1, 2018, applicants must submit documents to the relevant tax authorities under the Administrative Measures to Demonstrate their "beneficial owner" status. When determining the applicant's "Beneficial owner" status for dividends, interest, and royalties under a tax treaty, multiple factors are considered, including, but not limited to: whether the applicant is obligated to pay more than 50% of the received income to residents of a third country (or region) within 12 months; whether the applicant's business activities constitute substantive business operations; and whether the treaty partner jurisdiction does not tax, exempts, or imposes an extremely low effective tax rate on the relevant income. Applicants failing to meet the beneficial owner criteria are not entitled to preferential tax rates under the treaty.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Regulations Relating to Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》, the "Trademark Law"), promulgated by the Standing Committee of the NPC on August 23, 1982, and most recently revised on April 23, 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》, the "Trademark Law Implementation Regulations"), promulgated by the State Council on August 3, 2002, revised on April 29, 2014, and effective as of May 1, 2024, trademarks approved and registered by the Trademark Office of the National Intellectual Property Administration (the "NIPA") are considered registered trademarks, including commodity trademarks, service trademarks, collective trademarks, and certification trademarks. Registered trademarks are valid for ten years and may be renewed for another ten years upon expiration. Trademark owners enjoy exclusive rights to their registered trademarks. Unauthorized use of identical or similar trademarks on the same or similar goods constitutes infringement and requires the infringer to cease infringement and compensate for damages; in severe cases, criminal liability may also apply.

Regulations Relating to Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》, the "Copyright Law"), promulgated by the Standing Committee of the NPC on September 7, 1990, and most recently revised on November 11, 2020, 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》, the "Copyright Law Implementation

Regulations"), promulgated by the State Council on May 30, 1991, and most recently revised on January 30, 2013, effective March 1, 2013, Chinese citizens, legal persons, or other organizations enjoy copyright in their works, including literary works, artistic works, engineering and technical works, and computer software. Copyright arises from the moment a work is created. Copyright holders have moral and economic rights over their protected works, including the right of publication, authorship, modification, protection of integrity, reproduction, distribution, rental, exhibition, performance, broadcasting, information network dissemination, cinematography, adaptation, translation, compilation, and other rights granted by law.

According to 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 most recently revised on January 30, 2013, and 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 (the "NCA") on February 20, 2002, and most recently revised on June 16, 2004, the NCA is responsible for the registration and administration of computer software copyright and authorizes the China Copyright Protection Center (the "CCPC") as the software copyright registration authority. The CCPC may establish local software registration offices and issue registration certificates to applicants in accordance with relevant regulations. For legal persons or other organizations, the protection period of software copyright is fifty years, expiring on December 31 of the 50th year after publication; if the software is not published within fifty years of completion, copyright protection ceases.

Regulations Relating to Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》, the "Patent Law"), promulgated by the Standing Committee of the NPC on March 12, 1984, and most recently revised on October 17, 2020, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》, the "Implementation Rules"), promulgated by the State Council on June 15, 2001, the NIPA is responsible for patent examination and authorization. The Chinese patent system follows a "first-to-file" principle, meaning that if more than one person applies for a patent for the same invention, the patent is granted to the first applicant. Invention and utility model patents must meet the requirements of novelty, inventiveness, and industrial applicability to be eligible for patent protection. Third parties may only use a patent with the consent or formal authorization of the patent holder; otherwise, unauthorized use constitutes patent infringement. Under the Patent Law, authorized patent holders enjoy exclusive rights to implement their patents and may prohibit unauthorized use.

The Patent Law and its Implementation Rules provide for three types of patents: invention, utility model, and design. The term of protection for invention patents is 20 years from the date of application, for utility model patents is 10 years, and for design patents filed on or after June 1, 2021, the term of protection is 15 years.

Pursuant to the Measures for the Recordal of Patent Licensing Contracts (《專利實施許可合同備案辦法》), promulgated by NIPA on June 27, 2011, and effective from August 1, 2011, NIPA is responsible for the recordal of patent licensing contracts nationwide. Parties must complete the recordal procedures within three months from the effective date of a patent licensing contract.

Regulations Relating to Domain Name

According to 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 effective from November 1, 2017, MIIT is the primary regulatory authority for domain name services in China. Domain name registration follows the principle of "first apply, first register." Applicants must register through authorized domain name registration service providers and submit true, accurate, and complete identity information. Upon registration, the applicant becomes the domain name holder and enjoys lawful usage rights.

In 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 in November 2017 and effective from January 1, 2018, it is stipulated that domain names used by Internet information service providers must be legally registered and owned by them. Where an entity engages in Internet information services, the domain name registrant shall be the entity itself (including its shareholders), the entity's principal responsible person, or its senior management personnel.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Regulations Relating to Employment

According to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated by the Standing Committee of the NPC in July 1994 and most recently amended in December 2018, employers shall establish and improve labor rules and regulations in accordance with the law, strictly comply with national standards, provide necessary training to employees, ensure that employees enjoy labor rights, and fulfill their labor obligations.

According to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the Standing Committee of the NPC on June 29, 2007, and most recently amended on December 28, 2012, and its implementing regulations, employers and employees shall conclude written labor contracts when establishing labor relations. Labor contracts may be fixed-term, open-ended, or based on the completion of specific work tasks. If a labor relationship has been established without a written labor contract, a written contract must be signed within one month from the effective date of the law. Employers shall not force employees to work overtime, shall legally control working hours, and shall pay overtime wages. Employee wages shall not be lower than the local minimum wage standard and must be paid in full and on time. Employers may legally terminate labor contracts upon mutual agreement with employees or in accordance with statutory conditions.

According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), promulgated by the Ministry of Human Resources and Social Security and effective from March 1, 2014, employers may only use dispatched employees for temporary, auxiliary, or substitutive positions and must ensure that they enjoy equal pay for equal work compared to similar employees of the employer. The number of dispatched employees shall not exceed 10% of the total workforce. Employers failing to comply with the proportion limit shall be fined RMB5,000 to 10,000 per employee.

Regulations Relating to Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), promulgated by the Standing Committee of the NPC on October 28, 2010, and most recently amended on December 29, 2018, and the Interim Regulations on the Collection of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on January 22, 1999, and most recently amended on March 24, 2019, the state establishes basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, and maternity insurance. Employers shall enroll their employees in social insurance in accordance with the law and register with the social insurance agency within 30 days from the date of employment. Employers who fail to pay social insurance contributions on time or in full may be ordered by the social insurance collection agency to pay within a time limit or make up the shortfall; if still unpaid after the deadline, late fees will be charged, and fines of 1 to 3 times the unpaid amount may be imposed.

In addition to general social insurance requirements, enterprises are specifically required to provide maternity insurance for eligible employees in accordance with the Trial Measures for Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》), promulgated by the Ministry of Labor on December 14, 1994, and effective from January 1, 1995; enroll employees in basic pension insurance in accordance with the Decision of the State Council on Establishing a Unified Basic Pension Insurance System for Enterprise Employees (《國務院關於建立統一的企業

職工基本養老保險制度的決定》), promulgated and effective on July 16, 1997; enroll employees in basic medical insurance in accordance with the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees (《國務院關於建立城鎮職工基本醫療保險制度的決定》), promulgated and effective on December 14, 1998; enroll employees in unemployment insurance in accordance with the Unemployment Insurance Regulations (《失業保險條例》), promulgated and effective on January 22, 1999; and enroll employees in work-related injury insurance in accordance with the Work-Related Injury Insurance Regulations (《工傷保險條例》), promulgated on April 27, 2003, revised on December 20, 2010, and effective from January 1, 2011. On July 31, 2025, the Supreme People's Court promulgated the New Judicial Interpretation, which took effect on September 1, 2025. The New Judicial Interpretation clarifies 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, the People's Court shall support such claims in accordance with the law.

Regulations Relating to Housing Provident Fund

According to the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999, and most recently amended on March 24, 2019, enterprises must register with the designated housing provident fund management centers and open bank accounts for the deposit of employees' housing provident funds. Employers shall make contributions in accordance with national regulations, with the contribution generally not less than 5% of the employees' average monthly salary of the previous year.

Employers who fail to register for housing provident fund contributions or fail to open accounts for employees may be ordered by the housing provident fund management center to complete the registration within a time limit; if overdue, they may be fined RMB10,000 to 50,000. Employers who delay or underpay contributions may be ordered to make payments within a specified period, and if still unpaid, the housing provident fund management center may apply to the People's Court for compulsory enforcement.

REGULATIONS RELATING TO SECURITIES AND OVERSEAS SECURITIES OFFERING

Regulations Relating to Securities

According to the Securities Law of the PRC (《中華人民共和國證券法》), promulgated by the Standing Committee of the NPC on December 29, 1998, and most recently amended on December 28, 2019, the securities law implements a registration-based system with information disclosure as its core. Issuers are required to ensure that disclosed information is true, accurate, and complete, and shall not contain false records, misleading statements, or material omissions. Domestic enterprises issuing securities directly or indirectly overseas, or having their securities listed abroad, must comply with the relevant regulations of the State Council; the China Securities Regulatory Commission (the "CSRC") is responsible for the legal supervision and administration of the securities market. The issuance and trading of H-shares are primarily governed by regulations and rules issued by the State Council and CSRC.

Regulations Relating to Overseas Listing

On July 6, 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

The Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (Trial) (《境內企業境外發行證券和上市管理試行辦法》), promulgated by CSRC on February 17, 2023, and effective from March 31, 2023, together with five supporting guidelines, establishes a filing management system. Domestic enterprises intending to directly or indirectly issue and list securities overseas shall submit filing materials to CSRC within three working days after submitting the overseas listing application.

The trial measures stipulate that domestic enterprises shall not issue or list securities overseas under any of the following circumstances: (i) explicitly prohibited by laws, administrative regulations, or relevant national provisions; (ii) deemed by the competent authorities of the State Council to potentially endanger national security; (iii) in the past three years, the domestic enterprise or its controlling shareholder or actual controller has committed criminal offenses such as embezzlement, bribery, misappropriation of property, or disruption of the socialist market economy order; (iv) the domestic enterprise is under legal investigation for suspected criminal or major illegal acts, without a clear conclusion; (v) there exist major ownership disputes over shares held by controlling shareholders or shareholders under the actual control of the controlling person.

Furthermore, the trial measures require that issuers report to CSRC within three working days after the overseas listing if any of the following occurs: (i) change of control; (ii) investigation or penalty measures taken by overseas securities regulators or competent authorities; (iii) conversion of listing status or board segment; (iv) voluntary or involuntary termination of listing. Overseas listed enterprises must also strictly comply with national laws and regulations concerning foreign investment, cybersecurity, data security, and national security, and duly fulfill the obligation to safeguard national security.

Regulations Relating to Confidentiality and Archival Management

According to the Notice on Strengthening Confidentiality and Archival Management Related to 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》), jointly issued by CSRC and three other relevant departments on February 24, 2023, and effective from March 31, 2023, during the process of direct or indirect overseas issuance and listing by domestic enterprises, when domestic enterprises provide or publicly disclose documents or materials to securities companies, accounting firms, other securities service institutions, or overseas regulatory authorities that may involve state secrets, confidential information of state agencies, or could adversely affect national security or public interest, they must strictly comply with national regulations regarding approval and filing procedures. The Notice further requires that securities companies and securities service institutions providing services for overseas issuance and listing by domestic enterprises must retain working papers generated within China in the Chinese mainland. Such working papers may not be carried, mailed, or transferred outside the Chinese mainland without prior approval from the competent authorities. If it is necessary to transfer the working papers abroad, approval must be obtained from the competent authorities. The Notice also establishes and strengthens a cross-border regulatory cooperation mechanism, shifting the overall approach to cross-border supervision of overseas issuance and listing from "domestic regulatory authorities taking the lead or relying on conclusions from domestic inspections" to a "cross-border regulatory cooperation" mechanism.

The specific provisions include: (i) During overseas issuance and listing, domestic enterprises must strictly comply with requirements for safeguarding state secrets and managing archives, establish and maintain sound confidentiality and archival systems, and take necessary measures to fulfill their confidentiality and archival management responsibilities; (ii) When providing or publicly disclosing documents or materials involving state secrets, confidential information of state agencies, or materials that could adversely affect national security or public interest, domestic enterprises must complete the relevant approval, filing, or other regulatory procedures; (iii) Securities companies and securities service institutions must retain working papers generated within the Chinese mainland, and if it is necessary to transfer such materials abroad, prior approval must be obtained from the competent authorities in the Chinese mainland.

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, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued 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》) (the "Guidelines for the Full Circulation"), which was amended on August 10, 2023.

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 listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the filing procedures necessary for the Overseas Listing Regulations. After the application for full circulation has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with China Securities Depository and Clearing Limited (the "CSDC") of the shares related to the application has been completed. After domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to China.

On December 31, 2019, CSDC and the Shenzhen Stock Exchange 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") to regulate 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.

In addition, the Shenzhen Branch of CSDC released the Guide for "Full Circulation" Business of H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》) on September 20, 2024, which clearly provides for business arrangements and procedures related to H-share full circulation business, including business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic holding details, corporate behavior processing, clearing and settlement, risk management and business charges. Pursuant to the Overseas Listing Regulations, in respect of a domestic company directly listed overseas, shareholders holding its unlisted domestic shares who apply to convert such shares held by them into listed overseas shares and to be listed in an overseas stock exchange, shall comply with the relevant regulations of the CSRC and entrust domestic enterprises to file with the CSRC.