LAWS AND REGULATIONS RELATING TO THE TESTING AND INSPECTION

According to the Metrology Law of the PRC (《中華人民共和國計量法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on 6 September 1985 which came into effect on 1 July 1986 and last amended on 26 October 2018, and the Implementing Rules of the Metrology Law of the PRC (《中華人民共和國計量法實施細則》) which was issued on February 1, 1987 and most recently revised on March 29, 2022, and then came into force on May 1, 2022, inspection agency which is to provide notarial data on the quality of products for the society must have passed the examination of its capability and reliability of metrological verification and testing conducted by the metrological administrative department of the people's government at or above the provincial level.

Under the Administrative Measures for the Qualification Accreditation of Inspection and Testing Agencies (《檢驗檢測機構資質認定管理辦法》) promulgated by the General Administration of Quality Supervision, Inspection and Quarantine on 9 April 2015 and amended on 2 April 2021 by the State Administration for Market Regulation (the "**SAMR**"), inspection and testing agencies refer to the professional technical organisations established by law that conduct inspection and testing on products or specific objects as prescribed by laws and regulations with instruments and equipment, environmental facilities and other technical conditions and professional skills in accordance with the relevant standards or technical specifications. The SAMR shall be responsible for the qualification accreditation of inspection and testing agencies nationwide and the unified management, organisation, implementation as well as comprehensive coordination relating to qualification accreditation of inspection and testing agencies. The provincial-level departments for market regulation shall be responsible for the qualification accreditation of inspection and testing agencies within their respective jurisdictions.

According to the Measures for the Supervision and Administration of Inspection and Testing Agencies (《檢驗檢測機構監督管理辦法》), which was last revised on March 18, 2025 and came into effect on May 1, 2025, inspection and testing agencies and their personnel shall be responsible for the inspection and testing reports they have issued, and bear civil, administrative and criminal liability in accordance with the law.

The Rules for the Review of the Qualification Accreditation of Inspection and Testing Agencies (《檢驗檢測機構資質認定評審準則》) promulgated and implemented by the Certification and Accreditation Administration of the People's Republic of China on 31 May 2016, further clarify the contents, requirements, methods and procedures of the technical review of qualification accreditation. On 30 May 2023, the SAMR published the new Rules for the Review of the Qualification Accreditation of Inspection and Testing Agencies, which came into force as of 1 December 2023 and replaced the original rules. The new Rules for the Review of the Qualification Accreditation of Inspection and Testing Agencies apply to new initial application, expansion application and renewal application for Inspection and Testing Agency Qualification Certificates as from its effective date, and do not affect the validity of existing certificates held by inspection and testing agencies.

Pursuant to the Regulations of the People's Republic of China on Certification and Accreditation (《中華人民共和國認證認可條例》), promulgated by the State Council on September 3, 2003 and most recently revised on July 20, 2023, inspection institutions and laboratories that issue probative data and results to the public shall possess the basic facilities and capabilities as prescribed by relevant laws and administrative regulations, and the state implements a unified supervision and administration system for certification and accreditation.

Pursuant to the Accreditation Criteria for the Competence of Inspection Institution (《檢驗機構能力認可準則》) which was promulgated on March 1, 2013 and last amended on February 20, 2019, and the Accreditation Criteria for the Competence of Testing and Calibration Laboratories (檢測和校準實驗室能力認可準則) which was promulgated on June 1, 2006 and last amended on February 20, 2019, laboratories shall meet requirements of relevant criteria to obtain the relevant certificates from the CNAS. The testing and inspection institutions shall be responsible for the testing and inspection data or results issued by them and bear the relevant legal responsibilities.

Pursuant to the Announcement of the SAMR on Implementing List and Database Management for the Accreditation of Inspection and Testing Institutions (《市場監管總局關於對檢驗檢測機構資質認定實施"一單一庫"管理的公告》) which was issued on April 3, 2026 and with effect on June 1, 2026, the SAMR has formulated the List of Accreditation Items for Inspection and Testing Institutions (《檢驗檢測機構資質認定事項清單》) and the Database of Accreditation Capabilities for Inspection and Testing Institutions (《檢驗檢測機構資質認定能力項目庫》) ("List and Database" ("一單一庫")) along with the dynamic management mechanisms. Inspection and testing institutions shall apply for accreditation within the scope of List and Database and use accreditation certificates and the CMA mark in accordance with laws and regulations.

REGULATIONS RELATING TO SPECIAL EQUIPMENT

Pursuant to the Regulations on Safety Supervision of Special Equipment (《特種設備安全監察條例》), promulgated by the State Council on 11 March 2003 and amended in January 2009, the State implements classified and full-process safety supervision and administration over the use of special equipment. Within 30 days prior to or following the commissioning of any special equipment, the user entity shall complete registration formalities with the local competent authority for safety supervision and administration of special equipment at its place of location. Any special equipment inspection and testing institution providing non-destructive testing services specifically for the manufacture, use, inspection and testing of special equipment shall obtain approval from the competent department for safety supervision and administration of special equipment under the State Council.

In accordance with the Special Equipment Safety Law of the People's Republic of China (《中華人民共和國特種設備安全法》), which was promulgated by the SCNPC on 29 June 2013 and effective from 1 January 2014, any testing institution providing testing services for special equipment shall satisfy the conditions prescribed by applicable laws and obtain approval from the competent authority in charge of safety supervision and administration of special equipment.

REGULATIONS RELATING TO COMPANIES AND FOREIGN INVESTMENT

The Company Law of the People's Republic of China (《中華人民共和國公司法》) was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, was most recently amended on December 29, 2023, and implemented starting from July 1, 2024. Under the Company Law of the People's Republic of China, companies are generally divided into two categories, namely limited liability companies and joint stock limited companies. This Law also applies to foreign-invested joint stock limited companies.

The Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) was issued by the National People's Congress on March 15, 2019, and came into effect on January 1, 2020. The Regulations for the Implementation of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) were promulgated by the State Council on December 26, 2019, and took effect on January 1, 2020. These laws and regulations set forth principles and measures to promote foreign investment in China, and explicitly stipulate that China legally protects the investments, profits, and other lawful rights and interests of foreign investors in China.

REGULATIONS RELATING TO OVERSEAS INVESTMENT

Measures for the Administration of Overseas Investment (《境外投資管理辦法》) was promulgated by the Ministry of Commerce on September 6, 2014, and implemented on October 6, 2014, these Measures define "overseas investment" as the act of enterprises registered in China acquiring or obtaining ownership, control, management rights, or other interests in non-financial enterprises abroad through new establishments, mergers, acquisitions, or other means. Any overseas investment involving sensitive countries/regions or sensitive industries must be approved by the Ministry of Commerce or its provincial-level counterparts; overseas investments not involving such sensitivities must be filed with the Ministry of Commerce or its provincial-level counterparts. Enterprises that complete the approval or filing process will be issued a Certificate of Overseas Investment by Enterprises by the Ministry of Commerce or its provincial-level counterparts.

Measures for the Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》) was issued by the National Development and Reform Commission (NDRC) on December 26, 2017, and effective on March 1, 2018, these Measures define "overseas investment" as investment activities by enterprises registered in China to acquire ownership, control, management rights, or other related interests outside China, either directly or through their controlled overseas entities, via means such as asset/equity contribution, financing, or guarantee provision. Overseas investment projects involving sensitive countries/regions or sensitive industries require prior approval from NDRC; for projects not involving such sensitivities, the investing entity must file relevant information with NDRC or its provincial-level counterparts. The Catalogue of Sensitive Industries for Overseas Investment (2018 Edition)(《境外投資敏感行業目錄(2018年版)》), promulgated by NDRC on January 31, 2018, and effective on March 1, 2018, provides a detailed list of the above-mentioned sensitive industries.

REGULATIONS ON WORK SAFETY

The Production Safety Law of the PRC (《中華人民共和國安全生產法》) was promulgated by the SCNPC on June 29, 2002, most recently amended on June 10, 2021, and came into effect on September 1, 2021. Pursuant to this law, entities engaged in production and business operations in China shall, in accordance with the Production Safety Law of the PRC, strengthen work safety management, establish and improve the responsibility system for work safety of all employees and rules and regulations on work safety, increase the input and guarantee of funds, materials, technologies, and personnel for work safety, improve conditions for work safety, strengthen the standardization and informatization of work safety, establish a dual prevention mechanism of graded safety risk management and control and hidden danger identification and rectification, and enhance the risk prevention and resolution mechanism, so as to elevate the level of work safety and ensure work safety. Violations of the Production Safety Law of the PRC may result in administrative penalties such as fines, suspension of operations, or revocation of licenses.

REGULATIONS ON ENVIRONMENTAL PROTECTION

Environmental Protection

Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) was promulgated by the SCNPC on December 26, 1989, most recently amended on April 24, 2014, and came into effect on January 1, 2015. This law establishes the fundamental systems for environmental protection and its supervision and management. The competent environmental protection department under the State Council is authorized to formulate national environmental quality standards and national pollutant discharge standards, as well as to exercise unified supervision and management over environmental protection work nationwide. Meanwhile, local environmental protection authorities may establish local standards that are stricter than national environmental quality standards and pollutant discharge standards, and relevant enterprises must comply with both national and local standards.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, and last amended and came into effect on December 29, 2018, the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) amended by the State Council on July 16, 2017, and came into effect on October 1, 2017, and the Interim Measures for the Acceptance of Environmental Protection on Completion of Construction Project (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the Ministry of Environmental Protection and came into effect on November 20, 2017, the PRC implements classification administration on the environmental impact assessment of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report, or an environmental impact form or complete an environmental impact registration form (the "**EIA Documents**") for reporting and filing purposes. If the EIA Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works. Unless otherwise stipulated by laws and regulations, enterprises which are required to provide an environmental impact report and an environmental impact form shall undertake the responsibility of acceptance of the environmental protection facilities by themselves upon the completion of the construction project. A construction project may be formally put into production or use only if the corresponding environmental protection facilities have passed the acceptance procedure. The competent authorities may carry out spot checks and supervision on the implementation of the environmental protection facilities.

Pollutant Discharge

Pursuant to the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment of the People's Republic of China on April 1, 2024, and effective from July 1, 2024, enterprises, public institutions, and other production and business operators subject to pollutant discharge permit management under the law shall apply for and obtain a pollutant discharge permit, and discharge pollutants in accordance with the provisions of the permit. Those that have not obtained a pollutant discharge permit are prohibited from discharging pollutants. Enterprises, public institutions, and other production and business operators required by law to complete pollutant discharge registration shall register on the management information platform of state pollutant discharge permits. Pursuant to the Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition) 《(固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment of the People's Republic of China on December 20, 2019, the state implements classified management of pollutant discharge permits based on factors such as the volume of pollutants generated, the amount discharged, and the degree of environmental impact by various pollutant-discharging entities. This management is categorized into key management, simplified management, and registration management. Only a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the pollutant discharge registration form on the management information platform of state pollutant discharge permits, and register with its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention, control measures adopted and other information.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Regulations Relating to Employment

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》). Pursuant to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written form. The laws and regulations above impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure their employees have the right to rest and the right to receive wages no lower than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abides by state standards and provide relevant education to its employees. Violations of the Labor Contract Law of the PRC and the Labor Law of the PRC may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations.

Regulations Relating to Social Insurance and Housing Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance, medical insurance and other welfare plans. The employer shall apply to the local social insurance agency for social insurance registration within 30 days from the date of its establishment. And it shall, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employee. Employer shall make contribution to the social insurance in full and on time, and failure to do so will result in late fees and fines. Meanwhile, the Interim Regulation 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 on January 22, 1999 and revised on March 24, 2019 prescribes the details concerning the collection and payment of social insurance. The Interpretation (II) of the Supreme People's Court on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), promulgated on July 31, 2025 and effective from September 1, 2025, clarifies that any agreement or undertaking to waive social insurance contributions is invalid.

According to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was implemented on April 3, 1999 and latest revised on March 24, 2019, any newly established entity shall make deposit registration at the housing accumulation fund management center within 30 days as at its establishment. After that, the entity shall open a housing accumulation fund account for its employees in an entrusted bank. Within 30 days as at the date an employee is recruited, the entity shall make deposit registration at the housing accumulation fund management center and go through the formalities of opening housing provident fund accounts on behalf of its employees. Any entity that fails to make deposit registration of the housing accumulation fund or fails to open a housing accumulation fund account for its employees shall be ordered to complete the relevant procedures within a prescribed time limit. Any entity failing to complete the relevant procedure within the time limit will be fined RMB10,000 to RMB50,000. Any entity that fails to make payment of housing provident fund within the time limit or has a shortfall in payment of housing provident fund will be ordered to make the payment or make up the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

REGULATIONS RELATED TO INTELLECTUAL PROPERTY RIGHTS

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984, most recently amended on October 17, 2020 and effective from June 1, 2021, and the Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on January 19, 1985, most recently amended on December 11, 2023, and effective from January 20, 2024, there are three types of patents in the PRC: invention patents, utility model patents and design patents. The protection period of a patent right for invention patents shall be 20 years, the protection period of a patent right for utility model patents shall be 10 and the protection period design patents shall be 15 years, all commencing from the application date.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC 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. If there is a continuous need for the use of trademark, a renewal process shall be initiated within 12 months before the expiry of the registration. If the renewal process is not initiated within the stipulated period, a grace period of six months may be given for the filing of the renewal process. Each renewal of the trademark registration shall be valid for ten years from the date of the expiry of the previous registration. A trademark registrant may license the right to use its trademarks to other parties by entering into a trademark license agreement, but the licensing is not effective against a bona fide third party unless and until a relevant party has filed the record of such license to the relevant authority.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》)(the "**Copyright Law**") which was promulgated by the SCNPC on September 7, 1990 and most recently amended on November 11, 2020 and came into effect on June 1, 2021, copyright includes personal rights such as right of publication and right of authorship, as well as property rights such as reproduction rights and distribution rights. Works protected by copyright include, among others, computer software, works of fine art, drawings of engineering designs and product designs and other graphic works as well as model works. Except as otherwise provided by the Copyright Law, copying, distributing, performing, projecting, broadcasting, compiling or editing a work or disseminating the work to the public through information network without the permission of the copyright owner constitutes a copyright infringement. The infringer shall, bear civil liabilities such as ceasing the infringement, eliminating the impacts, making an apology, and compensating for the loss. Pursuant to the Regulations on Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and most recently amended 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 on April 6, 1992 and latest amended on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Domain names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and came into effect from November 1, 2017, the MIIT is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

REGULATIONS ON REAL ESTATES

Pursuant to the Land Administration Law of the PRC (中華人民共和國土地管理法) promulgated by the SCNPC on June 25, 1986, latest amended on August 26, 2019 and became effective on January 1, 2020, the PRC applies a system of control over the purposes of use of land, including land for agriculture, land for construction and unused land. All units and individuals shall use land in strict compliance with the purposes of use defined in the overall plans for land utilization. Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration and the legally registered ownership and right to the use of land shall be protected by law. The Interim Regulations on Real Estate Registration (不動產登記暫行條例), promulgated by the State Council on November 24, 2014 and last amended on March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (不動產登記暫行條例實施細則) promulgated by the Ministry of Land and Resources on January 1, 2016 and last amended on May 9, 2024, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall follow the principles of strict administration, stability, continuity, and convenience for the masses. According to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) which was promulgated by the MOHURD on December 1, 2010 and came into effect on February 1, 2011, the parties to a commodity house lease shall complete the lease registration with the competent construction (real-estate) departments of the municipalities directly under the central government, cities and counties where the leased property is located within 30 days after the lease is executed. The competent construction (real estate) departments of the municipalities directly under the central government, cities and counties shall order the lease record filing to make corrections within a prescribed time limit, and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on institutions which fail to rectify within the specified time limit.

REGULATIONS RELATING TO OVERSEAS SECURITIES [REDACTED], [REDACTED] AND FULL CIRCULATION OF "H SHARES"

Regulations on Overseas Securities [REDACTED]

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》)("Overseas Listing Trial Measures") was promulgated by the CSRC on February 17, 2023 and became effective from March 31,2023. The Overseas Listing Trial Measures adopt a filing and regulatory regime to regulate the direct and indirect overseas listing of securities of PRC domestic enterprises. If a domestic enterprise fails to comply with the filing procedures as required, or if it is listed outside of PRC despite being prohibited from doing so, the CSRC may order the domestic enterprise to rectify the situation, issue a warning and impose a fine of not less than RMB1,000,000 and not more than RMB10,000,000. A warning may be given to the directly responsible officer and other directly responsible persons and a fine of not less than RMB500,000 and not more than RMB5,000,000 shall be imposed. If the controlling shareholder or the actual controller of the domestic enterprise organizes or instructs to engage in the above illegal acts, he may be liable to a fine of not less than RMB1,000,000 and not more than RMB10,000,000. The Overseas Listing Trial Measures also stipulate that in the event of any material events such as change of control, investigation or punishment by the overseas securities supervisory authority or relevant authorities, change of listing status or transfer of listing segment, or termination of listing on its own initiative or compulsory termination of listing after the issuer's overseas listing, the issuer shall report the specific circumstances to the CSRC within three working days from the date of the announcement of the relevant event.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration of China jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities

Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Administration Provisions**"), which became effective on 31 March 2023. According to the Confidentiality and Archives Administration Provisions, if a domestic joint stock company with a direct overseas **[REDACTED]** or a domestic operating entity with an indirect overseas **[REDACTED]** provides or publicly discloses, or provides or publicly discloses through its overseas **[REDACTED]** entity, documents or information involving state secrets or secrets of the work of state organs, or other documents or information the disclosure of which would adversely affect national security or public interests, the corresponding procedures shall be strictly complied with in accordance with the relevant state regulations.

Regulations on Full Circulation of "H Shares"

"Full Circulation" represents **[REDACTED]** 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, CSRC announced the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) ("**Full Circulation Guidelines**"), which were amended on August 10, 2023. As regulated in the Full Circulation Guidelines, shareholders of domestic unlisted shares have the flexibility to jointly decide the amount and proportion of shares that will be included in the circulation application. This decision should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Meanwhile, the H-share listed company corresponding to these shares may be authorized to file for "full circulation" with the CSRC. An unlisted domestic joint stock company may file with the CSRC for "full circulation" at the time of its offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be converted back domestically. Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering shares and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and offering on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC. Additionally, they are required to authorize the domestic company to submit the conversion application to the CSRC on their behalf. 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 Circulation" Business (《H股"全流通"業務實施細則》) (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, and other details in relation to the H-share "Full Circulation" business are subject to the Measures for Implementation.

REGULATIONS RELATING TO 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》) promulgated by the National People's Congress on March 16, 2007, and most recently amended by the SCNPC on December 29, 2018 and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024 and effective from January 20, 2025, enterprises are categorized as resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are established in accordance with the law within the territory of China, or enterprises that are established in accordance with foreign (regional) laws but have their actual place of management within the territory of China. Non-resident enterprises refers to an enterprise that is established in accordance with foreign (regional) laws and whose actual place of management is not within the territory of China, but which has established establishments or premises within the territory of China, or enterprises that have not established establishments or premises within the territory of China but derive income from sources within 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 government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

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 State Taxation Administration on August 21, 2006, came into effect on December 8, 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in a PRC company, otherwise the 10% withholding tax rate applies.

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

Value-added Tax

Pursuant to the Value-added Tax Law of the PRC (中華人民共和國增值稅法) which was promulgated on December 25, 2024 and effective from January 1, 2026, and the Regulations for the Implementation of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》) which was promulgated by the State Council on December 25, 2025 and effective from January 1, 2026, all entities or individuals in the PRC engaged in the sale of goods, services, intangible assets, real estate and importation of goods are required to pay value-added tax (VAT). Unless otherwise provided, taxpayers engaged in provision of services and sales of intangible assets are subject to a tax rate of 6%.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996 and was last amended on August 5, 2008. Pursuant to this regulation and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment insecurities outside China unless prior approval or registration of the State Administration of Foreign Exchange (the "**SAFE**") or its local counterpart is obtained.

According to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds for Overseas Listing of Domestic Enterprises (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) jointly promulgated on December 24, 2025, which came into effect on April 1, 2026, replacing the previous 2014 regulations, the foreign exchange administration for overseas listing has been further optimized. A domestic company shall, within 30 working days after the completion of overseas listing,register the overseas listing directly with a domestic bank rather than the SAFE. Domestic companies are required to open specific capital project settlement accounts with domestic banks to handle the exchange and transfer of funds. Notably, the raised funds can be repatriated to China or, subject to relevant approvals, retained offshore for approved purposes such as outbound direct investments (ODI) and offshore lending. It also allows the direct deduction of reasonable listing expenses from the offshore raised funds.

According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

The Notice on Simplifying Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by SAFE on February 13, 2015 and was amended on December 30, 2019, allowing entities and individuals to apply for foreign exchange registrations through qualified banks. Under SAFE's supervision, these banks can directly review applications. On March 30, 2015, SAFE released the Circular on Reforming Settlement Management of Foreign Capital in Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》). This circular mandates discretionary foreign exchange settlement for foreign-invested enterprises, enabling them to settle foreign exchange capital based on operational needs, subject to document verification. The circular emphasizes authentic and self-use principles within the enterprise's business scope, barring use for payments beyond business scope, securities investment (unless specified), Renminbi entrust loans, inter-enterprise borrowings, or real estate expenses (except for self-use by foreign-invested real estate enterprises).

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》)(the "**SAFE Circular 16**"), was promulgated by SAFE on June 9, 2016 and was amended on December 4, 2023. Pursuant to the SAFE Circular 16, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of SAFE in due time in accordance with international revenue and expenditure situations

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

The Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) was promulgated by the SAFE on October 23, 2019, and was amended on December 4, 2023. Among others, it allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for 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 with effect from April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital accounts, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

In accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), which was last amended on December 29, 2023, and the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》), foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company, including foreign-invested enterprise, is required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital, and shall not distribute any profits until any losses from prior fiscal years have been offset.

REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), which was adopted by the SCNPC on September 2, 1993 and last amended on June 27, 2025, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the PRC Anti-Unfair Competition Law in the production and operating activities. Pursuant to the PRC Anti-Unfair Competition Law, operators must abide by the principle of voluntariness, equality, impartiality, integrity and adhere to laws and business ethics during market transactions. Operators in violation of the PRC Anti-Unfair Competition Law should bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

OVERVIEW OF SANCTIONS AND EXPORT CONTROL LAWS AND REGULATIONS

Sanctions

Set out below is a summary of sanctions regimes imposed by the United States, the European Union, the United Kingdom (including, where applicable, its overseas territories), the United Nations, Australia and China.

United States

U.S. sanctions are primarily administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury. U.S. sanctions generally include (i) primary sanctions, which apply to U.S. persons (including U.S. citizens and permanent residents; persons physically present in the U.S., from time to time; U.S. entities and their foreign branches, and, in certain cases, foreign (non-U.S.) subsidiaries) and to U.S. dollar trading by non-U.S. persons, and (ii) secondary sanctions, which may apply to non-U.S. persons engaging in certain specified activities.

U.S. sanctions may take the form of comprehensive sanctions, which broadly prohibit most transactions involving certain jurisdictions, or otherwise list-based sanctions, which prohibit engagement with specific individuals, entities, aircraft or vessels designated on sanctions lists, including (without limitation) the Specially Designated Nationals List. In addition, under the so-called "50% rule," corporate entities that are owned, directly or indirectly, 50% or more by one designated person or by an aggregation of designated persons are themselves treated as designated, even if not expressly listed. These measures may also be accompanied by sectoral or activity-based restrictions.

Breaching U.S. sanctions can lead to heavy financial penalties, denial of access to the U.S. financial system or designation, among other things.

The U.S. has a separate export control regime, with a different regulator, which we discuss below.

European Union

The European Union maintains a comprehensive and legally-sophisticated sanctions regime as part of its Common Foreign and Security Policy. Once adopted, the European Union implements sanctions through regulations that are directly applicable across its member states. In other words, European Union sanctions do not need to be adopted into local law of a European Union member state before taking effect. European Union sanctions typically include asset freezes and prohibitions on making funds or economic resources available, directly or indirectly, to designated persons, entities, aircraft and vessels. In addition, the European Union may impose sectoral sanctions, which can restrict access to capital markets, financial services, and the provision of certain goods, technologies or services to specified industries or territories.

The European Union sanctions regime also includes restrictions on the export, sale, supply or transfer of certain sensitive goods and technologies (including dual-use and military items), as well as import restrictions on goods originating from or exported by certain countries or regions.

Compliance obligations extend to European Union nationals; corporate entities established under the laws of a European Union member state; aircraft and vessels under the jurisdiction of a European Union member state; any person physically present in the European Union, from time to time; and, in certain circumstances, to activities conducted within European Union territory. Unlike the United States, the European Union sanctions regime does not have the concept of extraterritorial secondary sanctions.

Enforcement is undertaken by the member states themselves at a national level, rather than the European Union at a supranational level.

United Kingdom (including overseas territories)

The United Kingdom administers its own sanctions regime under the Sanctions and Anti-Money Laundering Act 2018, with implementation and enforcement by the Office of Financial Sanctions Implementation. United Kingdom sanctions generally include asset freezes, prohibitions on making funds or economic resources available to designated persons, and trade-related restrictions, including export, import and services prohibitions.

Similar to the European Union framework, the United Kingdom may also impose sectoral measures, including restrictions on access to capital markets, financial services, investment and the supply of certain goods and technologies. United Kingdom maintains its own consolidated list of designated persons, and its sanctions regime applies to United Kingdom nationals, wherever they are globally; entities incorporated under United Kingdom law; aircraft and vessels registered in the United Kingdom; persons physically present in the United Kingdom, from time to time; and, in certain cases, to activities taking place within United Kingdom jurisdiction.

United Kingdom sanctions may also extend, in varying forms, to its overseas territories, including (without limitation) the British Virgin Islands.

The United Kingdom sanctions regime also does not have the concept of secondary sanctions.

United Nations

The United Nations imposes sanctions through resolutions of the UN Security Council, which are binding on member states and implemented through domestic legislation. United Nations sanctions are generally targeted and purpose-specific, reflecting the United Nations' policy shift away from comprehensive embargoes toward measures designed to minimise humanitarian impact. United Nations sanctions typically include asset freezes, travel bans and arms embargoes, and may also impose restrictions on certain trade, financial or commercial activities. The scope and implementation of United Nations sanctions may vary by jurisdiction, depending on how individual member states incorporate such measures into their domestic legal frameworks. Individual member states are also responsible for enforcement.

Australia

Australia's sanctions regime is a key instrument of the government's foreign policy, administered by the Australian Sanctions Office ("**ASO**") within the Department of Foreign Affairs and Trade. Similar to those in the EU and UK, Australian sanctions apply to: (i) Australian citizens, wherever located; (ii) entities incorporated or constituted under Australian law; (iii) activities carried out wholly or partly within Australia; (iv) any person within Australia; and (v) Australia-registered aircraft and vessels.

Australia has a dual sanctions regime consisting of sanctions imposed by the UN, together with Australian autonomous sanctions imposed by the Australian government. The ASO maintains a Consolidated List of persons and entities designated under Australian sanctions laws. Engaging in conduct that contravenes these laws constitutes a criminal offence, whether committed by an individual or a corporate body.

China

China has, in recent years, developed a comprehensive sanctions, countermeasures and export control framework that has become an important consideration for multinational companies operating in or with China. The framework includes the Anti-Foreign Sanctions Law ("**AFSL**"), the Unreliable Entity List ("**UEL**") regime, the Export Control Law ("**ECL**"), and a series of blocking rules designed to counter the extraterritorial application of foreign sanctions and export controls.

Broadly speaking, the AFSL authorises Chinese authorities to impose countermeasures against foreign individuals and entities involved in sanctions or other restrictive measures deemed harmful to China's sovereignty, security or development interests. The UEL regime allows restrictions to be imposed on foreign parties that are considered to have harmed Chinese entities or disrupted normal market transactions, while the ECL establishes a system for controlling exports of sensitive Chinese goods, technologies and services.

In addition, China's blocking rules and related counter-extraterritorial measures create potential conflicts-of-law risks for companies subject to both Chinese and foreign legal regimes. These measures require Chinese persons and entities affected by foreign extraterritorial sanctions to report such matters to Chinese authorities and provide avenues to seek relief or damages before Chinese courts.

U.S. Export Controls

U.S. export control laws, primarily administered under the Export Administration Regulations ("**EAR**") by the U.S. Department of Commerce's Bureau of Industry and Security (**"BIS**"), regulate the export, re-export, and in-country transfer of certain items subject to the EAR, including U.S.-origin goods, software, and technology, as well as certain foreign-made items that incorporate more than a de minimis amount of controlled U.S.-origin content or are the direct product of specified U.S.-origin technology, software or equipment. The items subject to these export controls are typically (but not exclusively) either military or "dual use" items i.e. items that can be used for both military or civilian purposes.

The EAR apply extraterritorially, meaning they do not just apply to transfer of affected items from or within the United States; they apply to exports and transfers of those items regardless of the location(s) involved. The EAR can impose licensing requirements based on the destination, end-user, end-use, and technical classification of the item (as set out in the Commerce Control List). BIS also maintains restricted party lists, including the Entity List, Denied Persons List, and Unverified List, which impose additional licensing requirements, presumptions of denial, or other restrictions on dealings with designated persons or entities.

OVERVIEW OF U.S. OUTBOUND INVESTMENT RULES

The U.S. Outbound Investment Rules, which took effect on January 2, 2025, apply prospectively to certain "covered transactions" by U.S. persons involving "covered foreign persons" — being PRC, Hong Kong or Macau businesses — engaged in specified "covered activities".

The regime primarily targets "covered activities" in three sectors: semiconductors and microelectronics; quantum information technologies; and artificial intelligence.

Under this framework, U.S. persons are subject to restrictions on certain types of "covered transactions", including equity investments, joint ventures and other investment arrangements in the three technology sectors. The rules distinguish between (i) prohibited transactions, which U.S. persons are not permitted to undertake, and (ii) notifiable transactions, which are permitted but require notification to the relevant U.S. authorities.

Prohibited transactions generally include investments in entities engaged in advanced semiconductor technologies, certain quantum computing or related capabilities, and artificial intelligence systems designed for military, intelligence or mass surveillance applications. Notifiable transactions may include investments in less advanced semiconductor or artificial intelligence activities that nevertheless involve potential national security considerations.

These rules also provide important exceptions. Notably, investments in securities that are publicly-traded on recognized exchanges are generally exempt from both the prohibition and notification requirements. This is, though, provisional upon the U.S. investors buying the publicly-traded shares acquiring nothing beyond standard minority shareholder protections. It is also important to understand that investments in non-publicly traded securities or private placements may still fall within the scope of the rules, requiring careful due diligence and, in some cases, mandatory reporting.