LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN CHINESE MAINLAND

Laws and Regulations on Corporation

Company entities established, operated, and managed within the territory of Chinese Mainland are subject to the Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "**Company Law**"). The Company Law regulates the establishment, operation, corporate structure, and management of corporate entities in China. According to the Company Law, the companies established in the Chinese Mainland may take the form of limited liability company or joint stock company with limited liability. Each company has the status of a legal person and owns the assets itself. The Company Law also applies to foreign-invested companies.

Laws and Regulations on Foreign Investment

Foreign invested entities in the Chinese Mainland are also subject to the foreign investment laws and regulations including the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") and the Regulations on Implementing 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》). According to the Foreign Investment Law, the Chinese Mainland adopts a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended, or released upon approval by the State Council, from time to time.

On September 6, 2024, the NDRC and the MOFCOM jointly issued the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單) (2024年版)》) (the "**Negative List**"). The Negative List uniformly sets forth the ownership requirements, requirements for senior executives, and other special administrative measures for the access of foreign investment. Fields not on the Negative List shall be administered under the principle of equal treatment for both domestic and foreign investment.

On December 25, 2025, the MOFCOM and the NDRC promulgated the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄 (2025年版)》) (the "**Encouraging Catalog**"). The Encouraging Catalog lists the industries that encourage foreign investment.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), where a foreign investor carries out investment activities in Chinese Mainland directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information in a timely manner to the competent commerce department.

Laws and Regulations on Overseas Investment

According to the Administrative Measures for Overseas Investment (《境外投資管理辦法》) the MOFCOM and the provincial-level competent departments of commerce shall respectively implement the administration of filing and approval according to the different circumstances of enterprises' overseas investments. Where an enterprise's overseas investment involves sensitive countries and regions or sensitive industries, it shall be subject to approval management. Overseas investment by enterprises under other circumstances shall be subject to record-filing management.

According to the Administrative Measures for Overseas Investment of Enterprises (《企業境外投資管理辦法》), domestic enterprises (the "**Investors**") carrying out overseas investments shall complete the formalities such as approval and filing of overseas investment projects, report relevant information, and cooperate with supervision and inspection.

According to the State Council Provisions on Outbound Investment (《國務院關於對外投資的規定》) issued by the State Council on June 1, 2026, which will take effect on July 1, 2026, if an investor fails to fulfill the approval or record-filing procedures for outbound investment as required, the approval or record-filing authority shall order the investor to rectify the non-compliance, confiscate any illegal gains, and impose a fine of not less than 1‰ but not more than 5‰ of the investment amount. If the investor refuses to rectify, the authority shall order the suspension of the investment activity and the disposal of shares and assets within a specified period, and impose a fine of not less than 5‰ but not more than 10‰ of the investment amount. The directly responsible supervisors and other directly responsible personnel shall each be fined not less than RMB20,000 but not more than RMB50,000. From the effective date of the penalty decision, the relevant competent authorities may refuse to accept any approval or record-filing application submitted by the violating party for a period of three years, or prohibit the violating party from engaging in outbound investment activities for a period of not less than one year but not more than three years.

Laws and Regulations on Cyber Security , Data Security and Personal Information Protection

In accordance with the Law of the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), Network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network operators must take technical and other necessary measures as required by laws to safeguard the operation of networks, respond to network security events effectively, prevent illegal and criminal activities in the cyberspace, and maintain the integrity, confidentiality and usability of network data. Chinese Mainland adopts graded system for cybersecurity protection, under which network operators are required to perform the obligations of security protection to ensure that the network is free from interference, disruption or unauthorized access, and prevent network data from being disclosed, stolen or tampered.

In accordance with the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) and Information security technology — Classification guide for classified protection of cybersecurity (《信息安全技術網絡安全等級保護定級指南》), the hierarchical protection of the information security at the national level shall follow the principle of "independent grading and independent protection". Accordingly, the security protection grade of the information system shall be determined by entities operating and using an information system in accordance with the applicable rules.

In accordance with the State Security Law of the People's Republic of China (《中華人民共和國國家安全法》), the PRC government shall develop network and information security assurance system, enhance network and information security assurance capabilities, strengthen innovative research and development and application of network and information technologies and realize the security and controllability of network and information core technologies, critical infrastructure and information systems and data in key areas; the PRC government shall also enhance network management, prevent, deter and punish network criminal acts such as cyber-attacks, network intrusion, network theft and illegal spread of harmful information in order to safeguard the sovereignty, security and development interests of the state cyberspace.

In accordance with the Ninth Amendment to the Criminal Law of the People's Republic of China (《中華人民共和國刑法修正案(九)》), a network service provider is subject to criminal liability if such network service provider fails to perform such obligation to manage information network security as specified by laws and administrative regulations, and refuses to make corrections when is ordered by a supervisory authority to do so, and involves any of the specified serious cases.

In accordance with the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), Chinese Mainland protects the rights and interests of individuals and organizations relating to data, encourages the lawful, reasonable and effective use of data, guarantees the orderly and free flow of data in accordance with the law, and promotes the development of the digital economy with data as a key element. Chinese Mainland shall establish a data classification and grading protection system, formulate the important data catalogs to enhance the protection of important data and establish national core data management system to provide stricter protection of national core data. Processors of data shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations. To carry out data processing activities by making use of the Internet or any other information network, the aforesaid obligations for data security protection shall be performed on the basis of the graded protection system for cybersecurity. Processors of important data shall specify the person responsible for data security and management agencies, implement data security protection responsibilities, periodically conduct risk assessments of such data processing activities as provided and submit risk assessment reports to the relevant authorities.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law (《中華人民共和國個人信息保護法》). The Personal Information Protection Law aims to protect the rights and interests of personal information, regulate the processing of personal information, safeguard the orderly and free flow of personal information in accordance with the law, and promote the rational use of personal information. The Personal Information Protection Law establishes a comprehensive system of rules for the processing of personal information, including that the processing of personal information shall have a clear and reasonable purpose, that the processing of sensitive information is subject to additional protection, that the provision of personal information to outsiders and the entrusted processing of personal information requires the signing of a special agreement to ensure security, that the preservation, deletion, disclosure and automated decision-making of personal information should comply with special rules, and that processors of personal information should have appropriate organizational, institutional and technical measures in place. Processing of personal information in violation of the provisions of the Personal Information Protection Law or failure to comply with the relevant personal information protection obligations will result in the relevant entity being subject to warnings, fines, suspension of business for rectification, revocation of business permits and business licenses, and/or even being pursued for criminal liability.

On July 30, 2021, the State Council promulgated the Regulations for Safe Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "**Safe Protection Regulations**"). Pursuant to the Safe Protection Regulations, critical information infrastructure refers to important network infrastructure and information system in public telecommunications, information services, energy sources, transportation and other critical industries and domains, in which any destruction or data leakage will have severe impact on national security, the nation's welfare, the people's living and public interests. The Regulations for Safe Protection of Critical Information Infrastructure stipulate that the aforementioned competent authorities and supervision and administration authorities of important industries and fields are the authorities responsible for critical information infrastructure security protection. Such agencies shall be responsible for organizing the determination of critical information infrastructure in the industry and field concerned according to the determination rules, inform the operators of the determination results in a timely manner, and notify the public security department under the State Council of the same. An operator shall assume strict operator responsibilities after being recognized as a critical information infrastructure operator.

According to the Cybersecurity Review Measures (2021) (《網絡安全審查辦法(2021)》), critical information infrastructure operators who purchase network services that affect or may affect national security shall report to the cybersecurity review office for a cybersecurity review. Online platform operators possessing personal information of more than 1 million users must report to the cybersecurity review office for a cybersecurity review before going public abroad.

On March 22, 2024, the CAC promulgated the Provisions on Facilitating and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》). The Provisions on Facilitating and Regulating Cross-Border Data Flows update the Measures for Cross-border Data Transfer Security Assessment and the Measures for the Standard Contract for the Cross-border Transfer of Personal Information previously implemented by the CAC. This provision first specifies the criteria for declaring important data for cross-border transfer security assessment. Secondly, it specifies the conditions for data cross-border transfer that are exempted from declaring the security assessment of cross-border data transfer, signing and filing a Standard Contract for the Cross-border Transfer of Personal Information, and applying for Personal Information Protection Certification. Third, it establishes a negative list system for pilot free trade zones. Fourth, adjusting the conditions for data cross-border transfer that should be declared for the security assessment of cross-border data transfer, signing and filing a Standard Contract for the Cross-border Transfer of Personal Information, and applying for Personal Information Protection Certification. Fifth, the validity period of the results of the security assessment of cross-border data transfer should be extended, and the provision that data processors may apply for an extension of the validity period of the assessment results should be made.

On September 24, 2024, the State Council issued the Regulations on Network Data Security Management (《網絡數據安全管理條例》). The regulation introduces several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is handled. It also clarifies definitions for important data, outlines the obligations of those handling important data, establishes broader contractual requirements for data sharing between data handlers, and introduces a new exemption for regulatory obligations regarding cross-border data transfers. The regulation also provides that Network data processors conducting any data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant national regulations.

Laws and Regulations on Intellectual Property Rights

Trademarks

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and the Implementation Provisions of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), registered trademarks in Chinese Mainland include commodity trademarks, service trademarks, collective trademarks and certification trademarks. The Trademark Office of China National Intellectual Property Administration handles trademark registrations and grants a term of ten years to registered trademarks, and another ten years if requested upon expiry of the first or any renewed ten-year term.

Patents

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Implementation Regulations for the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application. The patent right enjoyed by the patentee shall be protected by law. No one is allowed to use the patent without the permission or authorization of the patentee, otherwise, the use of the patent will constitute patent infringement.

Software Registration

In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), Chinese citizen, legal person or other organization is entitled under the copyright of the software he/it has developed, including the right of publication, right of acknowledgment, right of alteration, right of reproduction, right of distribution, right of leasing, right of dissemination, right of translation and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), software copyrights, exclusive software copyright licensing contracts and transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and has certified the China Copyright Protection Centre as the institution responsible for software registration. Applications that comply with the rules shall be granted registration, and a corresponding registration certificate shall be issued by the China Copyright Protection Centre.

Laws and Regulations on Foreign Exchange

According to the Regulations on Foreign Exchange Administration of the People's Republic of China (《中華人民共和國外匯管理條例》), RMB is freely convertible into other currencies for current accounts such as trade-related income and expenses and payments of interest and dividends. While for capital items such as direct equity investment, loan and divestment, the conversion of RMB into other currencies and the remittance of the converted foreign currencies outside China shall be subject to prior approval of the SAFE or its local branches.

Pursuant to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局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 the SAFE on February 13, 2015, implemented on June 1, 2015 and partially abolished on December 30, 2019, banks shall, on behalf of SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

The Circular of the SAFE on Reforming the Management Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), allows foreign-invested enterprises to make equity investments by using RMB fund converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. Furthermore, the Circular 19 and the Circular of the SAFE on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《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》) (the "**Circular 16**") which was issued by the SAFE on June 9, 2016, last amended and implemented on December 4, 2023, stipulate that foreign-invested enterprises shall not use the RMB funds obtained from foreign exchange capital for payment outside of the business scope of the enterprises, investment in securities or financial schemes other than wealth management products and structured deposits with risk rating results not higher than Level 2, granting loans to non-connected enterprises or constructing or purchasing real estate that is not for self-use.

The Circular of the SAFE on Further Promoting the Facilitation of 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》), canceled restrictions on the domestic equity investment by non-investment foreign-invested enterprises with their capital funds. The non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws under the premise of not violating the Negative List and the authenticity and compliance of their domestic invested projects.

According to the Circular of the SAFE on Optimizing Administration of Foreign Exchange 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》), eligible enterprises are allowed to make domestic payments by using their income under capital accounts, such as capital funds, foreign debts and the proceeds from overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in line with provisions, and in compliance with the prevailing administrative regulations on the use of income under capital accounts. The bank in charge shall conduct spot checks in accordance with the relevant requirements.

Pursuant to the Circular of the SAFE on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

Laws and Regulations on Taxation

The PRC Enterprise Income Tax

Under the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "**EIT Law**"), which was first promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, and its implementing rules, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25%. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Pursuant to the EIT Law, the expenses of an enterprise for the research and development of new technologies, new products and new process may be additionally calculated and deducted when calculating the taxable amount of incomes. The implementation rules of the EIT Law specifies that, the term "additional deduction of research and development expenses" means that, where the research and development expenses that are actually incurred for the purpose to develop new technologies, new products and new crafts and do not constitute intangible assets are recorded into the current profit or loss, such expenses shall be deducted from the taxable income for the current year at 50% of the actual amount incurred in the current year and on an actual basis as required.

According to the Announcement of the MOF and the STA on Further Improving the Pre-tax Deduction Policy for R&D Expenses (2023) (《財政部稅務總局關於進一步完善研發費用稅前加計扣除政策的公告(2023)》), where R&D expenses actually incurred by an enterprise when it conducts any R&D activity have not been included in the current profit and loss, from January 1, 2023 onwards, 100% of the amount of R&D expenses actually incurred in this year shall be deducted from the amount of taxable income in this year, and where intangible assets have been formed, 200% of the costs of the intangible assets shall be amortized before tax.

VAT

Pursuant to the Provisional Regulations on the VAT of the People's Republic of China (《中華人民共和國增值稅暫行條例》) promulgated by the State Council, last amended and implemented on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on the VAT of the People's Republic of China (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 15, 1993, last amended on October 28, 2011 and implemented on November 1, 2011 (collectively, the "**VAT Law**"), all taxpayers selling goods, providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods within the Chinese Mainland shall pay the VAT. Unless provided otherwise, for general the VAT taxpayers selling services and intangible assets, the VAT is 6%.

The Notice of the MOF and the STA on Adjusting the VAT (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the STA on April 4, 2018 and came into effect on May 1, 2018, adjusts the applicable rate of the VAT and stipulates that for a taxpayer who engages in a taxable sales activity for the VAT purpose or importation of goods, the previous applicable tax rates of 17.0% and 11.0% would be adjusted to 16.0% and 10.0%, respectively.

According to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the MOF and the STA and the GAC on March 20, 2019 and effective from April 1, 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively. And in accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products (《關於軟件產品增值稅政策的通知》) which was promulgated by the MOF and the SAT on October 13, 2011 and came into effect on January 1, 2011, a VAT general taxpayer selling software products developed and produced by itself shall be subject to levying and collection of VAT at the tax rate of 13%, and the policy of forthwith levy and forthwith refund shall be implemented for the portion of VAT actually paid which exceeds 3%.

Dividends Distribution

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018, and the Implementation Provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of Chinese Mainland, the receipt of dividends from an enterprise in Chinese Mainland is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the EIT Law and the Implementing Regulations of the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例), which was promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and effective on January 20, 2025, enterprises are classified into resident enterprises and non-resident enterprises, and a non-PRC resident enterprise is subject to a reduced 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists its shares in Hong Kong.

Enterprise investors

The principal laws, rules and regulations governing dividend distributions by foreign- invested enterprises in Chinese Mainland are the Company Law and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. When the PRC Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches 50% of the registered capital, the Company is released from the obligation of withholding statutory reserve fund. Where the statutory common reserve fund of the company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawal of the statutory common reserve fund in accordance with the above provisions. After making allocation to the statutory provident fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at the general meeting, also allocate funds from the after-tax profits to the discretionary provident fund. The residual after-tax profits after a company has made up its losses and accrued reserve can be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. The company shall not distribute any profits in respect of the shares held by it.

In accordance with the EIT Law and its implementation rules, a uniform enterprise income tax rate of 25% is imposed on all resident enterprises in China, including foreign- invested enterprises; a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in Chinese Mainland or has an establishment or premise in Chinese Mainland but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the STA on November 6, 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the STA on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《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》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《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》第五議定書), which came into effect on December 6, 2019, added a criterion for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the statutory requirements of PRC tax law documents, such as the Notice of the STA on the Issues Concerning the Enforcement of the Dividend Clauses of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with Chinese Mainland might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC companies. The People's Republic of China currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Laws and Regulations on Labor, Social Insurance and Housing Accumulation Funds

Labor

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and amended on December 29, 2018 after it came into effect on January 1, 1995, and implemented on the same day, the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007 and implemented on January 1, 2008, and then amended on December 28, 2012 and implemented on July 2013, and the Implementation Regulations of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council on September 18, 2008 and came into effect on the same day, an employer and an employee shall enter into a written labor contract when establishing an employment relationship. The employer shall, in accordance with the provisions of the labor contract and relevant laws and regulations, pay the labor remuneration to the employee in full and in a timely manner. At the same time, the wages of workers must not be lower than the local minimum wage.

Social Insurance and Housing Accumulation Funds

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例》) first implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) came into effect on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《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》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) amended by the State Council and coming into effect on March 24, 2019 and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) which was released by the SCNPC on October 28, 2010, came into force on July 1, 2011 and was then amended on December 29, 2018, enterprises are obliged to provide their employees in Chinese Mainland with welfare schemes covering basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law.

Pursuant to the Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》) released by the State Council on April 3, 1999 and came into force on the same day, which latest amended by the State Council and coming into effect on March 24, 2019, an employer shall pay the housing accumulation funds for its employees in accordance with the relevant provisions of the state.

Laws and Regulations on Leasing

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Laws and Regulations on Overseas Listing

On February 17, 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and five relevant guidelines, which came into force on March 31, 2023. According to the Trial Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings and fines, and its controlling shareholders, de facto controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) direct overseas offering and listing by domestic companies refers to the overseas offering and listing of the companies limited by shares registered and established in Chinese Mainland; and (iii) any companies limited by shares registered and established in Chinese Mainland are required to file with the CSRC within three business days after their application document of overseas listing is submitted. Failure to complete the filing under the Trial Measures may subject a PRC domestic company to a rectification order issued by the CSRC, warnings, and a fine of RMB1 million to RMB10 million.

The CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provisions on Confidentiality**") on February 24, 2023, and came into effect on March 31, 2023. Pursuant to the Provisions on Confidentiality, when a domestic company provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses such the documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval, and file with the same level secrecy administration department. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the relevant procedures according to relevant regulations. The working papers formed within the territory of the People's Republic of China by the securities companies and securities service institutions that provide related services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the People's Republic of China. Cross-border transferring of such working papers shall go through the examination and approval formalities in accordance with the relevant regulations.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN HONG KONG

Laws and Regulations Relating to our Business

There is no specific statutory requirement for us to obtain any license to carry out our business in Hong Kong other than the requirement to register our business in accordance with the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong). Below is a summary of the laws and regulations in Hong Kong which are relevant to our business.

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

We are subject to the Business Registration Ordinance. The Business Registration Ordinance requires every entity that carries on a business in Hong Kong to apply for business registration within one month from the date of commencement of the business, and to display the valid business registration certificate at the place of business. Any person who fails to apply for business registration or display a valid business registration certificate at the place of business shall be guilty of an offence, and shall be liable to a fine of HK$5,000 and to imprisonment for one year.

Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong)

The Supply of Services (Implied Terms) Ordinance which aims to consolidate and amend the law with respect to the terms to be implied in contracts for the supply of services (including a contract for the supply of a service whether or not goods are also transferred or to be transferred, or bailed or to be bailed by way of hire under the contract) provides that:

(a) under section 5, where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service with reasonable care and skill; and

(b) under section 6, where the supplier is acting in the course of a business, the time for service to be carried out is not fixed by the contract, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties, there is an implied term that the supplier will carry out the service within a reasonable time.

Where a supplier is dealing with a party to a contract for supply of service who deals as a consumer, the supplier cannot, by reference to any contract term, exclude or restrict any liability of his arising under the contract by virtue of the Supply of Services (Implied Terms) Ordinance. Otherwise, where any right, duty or liability would arise under a contract for the supply of a service by virtue of the Supply of Services (Implied Terms) Ordinance, it may (subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong)) be negatived or varied by express agreement, or by the course of dealing between the parties, or by such usage as binds both parties to the contract.

Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong)

The Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong), which aims to limit the extent to which civil liability for breach of contract, or for negligence or other breach of duty, can be avoided by means of contract terms and otherwise, among others, provides that:

(a) under section 7, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his liability for death or personal injury resulting from negligence and in the case of other loss or damage, a person cannot exclude or restrict his liability for negligence except in so far as the term or notice satisfies the requirement of reasonableness;

(b) under section 8, as between contracting parties where one of them deals as consumer or on the other's written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach, or (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him, or (iii) claim to be entitled in respect of the whole or any part of his contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness;

(c) under section 9, a person dealing as a consumer cannot by reference to any contract term be made to indemnify another person (whether a party to the contract or not) in respect of liability that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness.

Sections 7, 8 and 9 of the Control of Exemption Clauses Ordinance do not apply to, among others, any contract so far as it relates to the creation or transfer of a right or interest in any patent, trade mark, copyright, registered design, technical or commercial information or other intellectual property, or relates to the termination of any such right or interest.

In relation to a contract term, the requirement of reasonableness for the purpose of the Control of Exemption Clauses Ordinance is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regarded to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

Law and Regulations on Artificial Intelligence

In Chinese Mainland, several laws and regulations on artificial intelligence have been enacted, including the Interim Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (the "**Interim Measures**") and the Measures for Identification of Artificial Intelligence-Generated Synthetic Contents (《人工智能生成合成內容標識辦法》).

Article 2 of the Interim Measures stipulates that it applies to generative artificial intelligence services provided to the onshore public ("**境內公眾**"); the development and application of generative artificial intelligence technology by enterprises that do not provide generative artificial intelligence services to the onshore public are not subject to the provisions of the Interim Measures.

Article 17 of the Interim Measures provides that, any provider of GenAI services with attribute of public opinions or capable of social mobilization ("**具有輿論屬性或者社會動員能力**") shall conduct security assessment in accordance with the relevant provisions of the State, and complete the formalities for algorithm filing, change or deregistration in accordance with the Administrative Provisions on the Recommendation of Internet-based Information Service Algorithms.

In Hong Kong, there is currently no legislation which specifically regulates the use of Artificial Intelligence ("**AI**"). The Hong Kong authorities are now relying on existing legislations (including the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) ("**PDPO**")) with sector-specific guidelines from regulators to address the risks associated with the use of AI.

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)

The PDPO places a statutory duty on data users to comply with the requirements of the six data protection principles contained in Schedule 1 to the PDPO. The PDPO provides that a data user shall not do an act, or engage in a practice, that contravenes a data protection principle unless the act or practice, as the case may be, is required or permitted under the PDPO.

The six data protection principles are:

- Principle 1 — purpose and manner of collection of personal data;
- Principle 2 — accuracy and duration of retention of personal data;
- Principle 3 — use of personal data;
- Principle 4 — security of personal data;
- Principle 5 — information to be generally available; and
- Principle 6 — access to personal data.

The PDPO also gives data subjects certain rights, *inter alia*:

- the right to be informed of whether it is obligatory or voluntary for him/her to supply the data and the purpose for which the data is to be used;
- the right to be informed by a data user whether the data user holds personal data of which the individual is the data subject; and
- the right to request access to and to request correction of his/her personal data.

Non-compliance with a data protection principle may lead to a complaint to the Privacy Commissioner for Personal Data. A claim for compensation may also be made by a data subject who suffers damage by reason of a contravention of a requirement under the Personal Data (Privacy) Ordinance.

In the conduct of our Group's ordinary course of business, our Group does not collect, use or process personal information or data of our customers and/or their customers and users. The services provided under our generative AI Platform (i.e. FINNOSmart) is customizing and finetuning the open-source AI model so that the AI model can suit our customers' specific needs. For example, if our customer (for example, a bank) wishes to have an AI tool for fraud detection, it will provide us with masked historical data which does not show any personal data of its end customers and we will use such masked data to train, customize and finetune the AI model so that it can recognize the pattern of fraudulent transactions. After the finetuning, the AI tool will be delivered to the bank for its own usage.

Law and Regulations on Income Tax

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

We are subject to the profits tax regime under the Inland Revenue Ordinance. The Inland Revenue Ordinance is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets). For the year of assessment 2018/19 onwards, the applicable rates for corporation which is a trade, profession or business in Hong Kong are (a) 8.25% on the assessable profits up to HK$2,000,000; and (b) 16.5% on any part of assessable profits over HK$2,000,000. The Inland Revenue Ordinance also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

Law and Regulations on Intellectual Property

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong)

Pursuant to the Copyright Ordinance, a person may incur civil liability for "secondary infringement" if that person possesses, sells or lets for hire, distributes or deals with a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work for the purposes of or in the course of any trade or business without the consent of the copyright owner.

Laws and Regulations on Employment

Employment Ordinance (Chapter 57 of the laws of Hong Kong)

The Employment Ordinance provides for, amongst other things, the protection of the wages of employees, the regulation of general conditions of employment, and for matters connected therewith. The Employment Ordinance provides, among others, the following entitlements or protections to an employee: (a) end of year-end payments; (b) maternity and paternity protection; (c) rest days; (d) protection against anti-union discrimination; (e) severance payments; (f) long service payments; (g) employment protection; (h) sickness allowance; (i) holidays with pay; and (j) annual leave with pay.

Under section 25 of the Employment Ordinance, where a contract of employment is terminated, any sum due to the employee shall be paid to him/her as soon as it is practicable and in any case not later than seven days after the day of termination. Under section 63C of the Employment Ordinance, any employer who willfully and without reasonable excuse contravenes section 25 of the Employment Ordinance commits an offence and is liable to a maximum fine of HK$350,000 and imprisonment for three years.

Further, under section 25A of the Employment Ordinance, if any wages or any sum referred to in section 25(2)(a) of the Employment Ordinance are not paid within seven days from the day on which they become due, the employer shall pay interest at a specified rate on the outstanding amount of wages or sum from the date on which such wages or sum become due up to the date of actual payment. Under section 63CA of the Employment Ordinance, any employer who willfully and without reasonable excuse contravenes section 25A of the Employment Ordinance commits an offence and is liable on conviction to a maximum fine of HK$10,000.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance establishes a statutory minimum wage regime to provide for a minimum wage at an hourly rate for employees employed under a contract of employment under the Employment Ordinance (Chapter 57 of the laws of Hong Kong), save for stipulated exceptions.

As of January 1, 2023, the minimum wage rate was HK$37.5 per hour. With effect from May 1, 2026, the minimum wage rate is currently set at HK$43.1 per hour. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by this Minimum Wage Ordinance is void.

The Minimum Wage Commission must report on any recommended changes in statutory minimum wage at least once in every two years to the Chief Executive in Hong Kong, and the Chief Executive may adjust the statutory minimum wage having regard to such recommendation.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Under the Mandatory Provident Fund Schemes Ordinance, employers are required to enroll their regular employees (except for certain exempted persons) aged 18 or above but under 65 years of age and employed for a continuous period of 60 days or more in a Mandatory Provident Fund ("**MPF**") scheme within the first 60 days of employment.

Section 7A of the Mandatory Provident Fund Schemes Ordinance requires an employer who is employing a relevant employee must, for each contribution period occurring after December 1, 2000 (a) from the employer's own funds, contribute to the relevant registered scheme the amount determined in accordance with Mandatory Provident Fund Schemes Ordinance; and (b) deduct from the employee's relevant income for that period as a contribution by the employee to that scheme the amount determined in accordance with Mandatory Provident Fund Schemes Ordinance.

For both employees and employers, it is mandatory to make regular contributions into an MPF scheme. For an employee (other than a casual employee), subject to the maximum and minimum levels of income (HK$30,000 and HK$7,100 per month, respectively on or after June 1, 2014), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK$1,500 on or after June 1, 2014. Employer will also be required to contribute an amount equivalent to 5% of an employee's relevant income to the MPF scheme, subject only to the maximum level of income (HK$30,000 on or after June 1, 2014).

OTHER APPLICABLE LAWS AND REGULATIONS

U.S. Outbound Investment Rule

The U.S. outbound investment restrictions (the "**Outbound Investment Rule**" or "**OIR**"), implemented by the U.S. Department of the Treasury pursuant to Executive Order 14105 and codified under 31 CFR Part 850, impose certain restrictions on outbound investments by U.S. persons in entities located in countries of concern, including the People's Republic of China (including Hong Kong SAR and Macau SAR). The rule regulates certain "covered transactions," including equity investments, certain debt financings, greenfield investments, joint ventures and limited partner investments undertaken by U.S. persons, where the investment target is a "covered foreign person" engaged in specified "covered activities."

Covered activities under the OIR currently focus on three technology sectors considered sensitive to U.S. national security: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) AI. Depending on the nature of the activity and the technical thresholds involved, covered transactions may either be prohibited outright or subject to post-transaction notification requirements.

With respect to AI specifically, the Final Rule targets: (a) the development of AI systems designed for certain sensitive end uses, including military, government intelligence or mass surveillance applications; or (b) the development of frontier AI systems trained using large quantities of computing power above specified thresholds — namely, training runs exceeding 10^{25} computational operations (FLOPs) for prohibited transactions, or above 10^{23} FLOPs for notifiable transactions. Importantly, the OIR only applies where a U.S. person undertakes a covered investment transaction involving a foreign person engaged in such covered activities.

Our Directors are of the view that the OIR is not applicable to us for the following reasons:

(i) We do not engage in the development, manufacture, or commercialization of semiconductors, microelectronics, or quantum information technologies, and therefore do not fall within the semiconductor or quantum sectors covered by the OIR.

(ii) Although we develop and deploy AI capabilities through our FINNOSmart platform in the course of our business operations, such activities do not constitute "covered activities" under the OIR for the following reasons:

    (a) Our AI capabilities delivered through FINNOSmart, a generative AI platform designed specifically for the financial services industry. Its use cases are limited to regulated financial-domain applications, including intelligent customer service, compliance review, fraud investigation support, real-time compliance monitoring, automated regulatory reporting, and AI-assisted application development. We do not develop AI systems for any military, government intelligence, mass surveillance, or other sensitive end uses specified under the OIR;

    (b) We do not independently develop or train any AI foundation models. FINNOSmart is built on fine-tuned open-sourced foundation models, and our role is limited to fine-tuning these models with bank-specific data for deployment in customers' on-premises or private cloud environments. We do not train foundation models from scratch;

(c) The training or fine-tuning of our AI models and banking-specific SLMs does not involve computational operations exceeding 10^{23} FLOPs. This falls well below both the notifiable threshold (10^{23} FLOPs) and the prohibited threshold (10^{25} FLOPs) specified under the OIR. The computing infrastructure used by us does not involve advanced chips at the level specified under relevant U.S. export control regulations; and

(d) Our products and services may integrate certain third-party AI model capabilities through API access, but we do not independently develop, modify, or train such third-party models, and such application-level use does not constitute the "development" or "training" of AI systems within the meaning of the OIR.

(iii) No U.S. persons (including U.S. citizens, permanent residents, U.S.-located employees, contractors or advisors) have participated in the development, training, fine-tuning, deployment, or operation of any AI model or AI system of our Group.

(iv) We have not, during the Track Record Period and up to the Latest Practicable Date, directly or indirectly made any investment in any semiconductor, quantum, AI or other sensitive technology company subject to the OIR, whether by way of equity investment, partnership interest, fund investment, loan or otherwise. We have no plan, arrangement or commitment to engage in any transaction that may fall within the prohibited or notifiable categories under the OIR.

The OIR imposes obligations solely on "U.S. persons" as defined thereunder. As we do not constitute a "covered foreign person" under the OIR, any **[REDACTED]** in our Shares by a U.S. person would not constitute a "covered transaction" subject to the OIR, and no restriction, prohibition or notification obligation would arise under the OIR in connection with such investment. Accordingly, our Directors are of the view that the OIR does not apply to our existing shareholders or prospective **[REDACTED]**, regardless of whether they are U.S. persons, and is not expected to have any impact on our business operations, the **[REDACTED]** or the **[REDACTED]**.