
REGULATORY OVERVIEW

The contents disclosed in this section are a summary of the principal PRC laws, regulations and rules relating to our business and do not constitute a detailed analysis of PRC laws, nor are they all applicable to our business operations in the PRC, and such PRC laws may change in the future.

PRINCIPAL REGULATORY AUTHORITIES

We are mainly engaged in the research and development, production and sales of silver powder. According to the “Classification of Industries of the National Economy (GB/T 4754–2017)” (《國民經濟行業分類》) promulgated on 30 June 2017 and implemented on 1 October 2017, the industry in which we operate is electronic special materials manufacturing in C3985 manufacturing industry, and the competent department of industry is the Ministry of Industry and Information Technology of the PRC (hereinafter referred to as the “MIIT”).

The main responsibilities of the MIIT include formulating development plans in relation to industry, telecommunications and information technology and organising the implementation thereof, formulating guiding industrial policies, drafting relevant laws and regulations, formulating rules, and regulating the development of the industry.

INDUSTRIAL POLICIES

In recent years, the PRC government has issued a series of policies to promote the development of silver powder industry in which the Group operates.

According to the Notice on Promoting the Coordinated Development of the Photovoltaic Industrial Chain and Supply Chain (《關於促進光伏產業鏈供應鏈協同發展的通知》), which was jointly promulgated by the General Office of the Ministry of Industry and Information Technology, the General Office of the State Administration for Market Regulation, and the Comprehensive Department of the National Energy Administration on 17 August 2022 and implemented on the same date, the state will promote coordination across the PV industrial chain, strengthen supply chain stability, and ensure the sound development and operation of the PV industry.

According to the Guiding Opinions of the State Council on Accelerating the Establishment of a Sound Economic System with Green, Low-carbon and Circular Development (《國務院關於加快建立健全綠色低碳循環發展經濟體系的指導意見》) which was promulgated by the State Council on 2 February 2021 and implemented on the same date, the state will promote the green and low-carbon transformation of the energy system, increase the proportion of renewable energy, and vigorously promote the development of PV power generation.

According to the Notice of Encouraging the Intensified Financial Support to Promote the Sound and Orderly Development of Wind Power and Photovoltaic Power Industries (《關於引導加大金融支持力度促進風電和光伏發電等行業健康有序發展的通知》) jointly promulgated by the NDRC, Ministry of Finance, NEA, the China Banking and Insurance Regulatory Commission and People’s Bank of China on 24 February 2021 and implemented on the same date, the state will increase its support for PV enterprises through financial means to help enterprises tide over difficulties.

According to the Opinions on Improving Systems, Mechanisms, Policies and the Measures for Green and Low-carbon Energy Transition (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》) which was promulgated by the NDRC and the NEA on 30 January 2022, the state will speed up building a clean, low-carbon, safe, and highly-efficient energy system while deepening reforms of mechanisms and innovation in the energy sector.

According to the Notice on Matters Concerning Promoting the Sound Development of the Photovoltaic Industry Chain (《關於促進光伏產業鏈健康發展有關事項的通知》) which was promulgated by the NDRC and the NEA on 13 September 2022 and implemented on the same date, the state will promote the construction of large-scale wind and solar PV bases to alleviate the

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capacity and price bottlenecks in the photovoltaic industry chain, enhance the supporting supply capacity of the photovoltaic power generation supply chain, and support the rapid development of clean energy in China.

REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

According to the PRC Company Law (《中華人民共和國公司法》), promulgated by the SCNPC on 29 December 1993, last revised on 29 December 2023 and implemented on 1 July 2024, companies are generally classified into two categories, i.e. limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies and companies limited by shares, unless foreign-investment related laws are provided otherwise.

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the NPC on 15 March 2019 and implemented on 1 January 2020 and the Foreign Investment Law and Regulation for 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》) issued by the State Council on 26 December 2019 and implemented on 1 January 2020, foreign investment refers to the investment activities directly or indirectly carried out by foreign natural persons, enterprises or other organisations within the territory of China, including the following circumstances: (1) a foreign investor establishes a foreign-funded enterprise within the territory of the PRC, either alone or together with any other investor; (2) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of a PRC enterprise; (3) a foreign investor invests in any new project within the territory of the PRC, either alone or together with any other investor; and (4) a foreign investor invests in any other way as stipulated under the laws or administrative regulations or provided by the State Council. Foreign-invested enterprises (FIEs) means any enterprise registered and established in the PRC under the PRC law that is wholly or partially invested by foreign investors. FIEs and domestic enterprises shall participate on an equal footing in the formulation and revision of national, industry, local and group standards in accordance with the law. FIEs may obtain financing in China or overseas pursuant to the law via public offering of securities such as shares and corporate bonds, as well as public or non-public offering of other financing instruments and borrowing foreign debts. Foreign investors’ capital contributions, profits, capital gains, gains from asset disposal, royalties of intellectual property rights obtained, legally obtained compensation or indemnification, gains from liquidation can be freely remitted in or out of China in RMB or foreign currency in accordance with the laws. The State implements a management system comprising pre-access national treatment along with a negative list with respect to foreign investment. Foreign investors shall not invest in any field forbidden by the negative list; for any field restricted by the negative list, foreign investors shall conform to the investment conditions stipulated under the negative list such as requirements on equity and senior management; any field that does not fall within the negative list shall be administered under the principle of equal treatment to domestic and foreign investment.

The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (hereinafter referred to as the “Negative List”) promulgated by the NDRC and the MOFCOM on 6 September 2024 and implemented on 1 November 2024 lists the special management measures for foreign investment access, such as equity requirements and senior management requirements, as well as the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) promulgated by the MOFCOM and the State Administration for Market Regulation on 30 December 2019 and implemented on 1 January 2020, where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign investment enterprises shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System.

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Foreign investors or foreign-funded enterprises shall report investment information in a timely manner under the principles of veracity, accuracy and integrity, and the reports submitted shall not contain false or misleading information or material omissions.

REGULATIONS RELATING TO OFFSHORE LISTING

Pursuant to the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the “Trial Administrative Measures”) and relevant seven guidelines promulgated by the CSRC on 17 February 2023 and implemented on 31 March 2023, the proposed overseas offering and listing of share of domestic companies shall be in strict compliance with laws and regulations on national security in terms of foreign investment, cybersecurity, data security and etc., and duly fulfil their obligations to protect national security. If national security review is triggered by the proposed overseas offering and listing of share of the company, the application for such offering and listing of shares shall not be submitted to the overseas security regulatory authorities or overseas stock exchange prior to the completion of the national security review in accordance with PRC laws and regulations. Domestic enterprises are prohibited from overseas offering and listing in the following circumstances: (1) such offering and listing of shares is explicitly prohibited by PRC laws and regulations, (2) the proposed offering and listing of shares has been reviewed by competent authorities under the State Council in accordance with law and is determined such proposed offering and listing of shares will endanger national security, (3) the domestic company which proposed to offer and list its shares overseas, or its controlling shareholder(s) and the actual controller of the company, have committed crimes in relation to corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years, (4) the domestic company which proposed to offer and list its shares overseas is currently under investigations due to suspected crimes or major violations of laws and regulations, and no conclusion has yet been made thereof, or (5) there are material ownership disputes over the shares held by controlling shareholder(s) or controlled by the controlling shareholder(s) and/or actual controller of the domestic company.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings 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》), which was issued by the CSRC and other three departments on 24 February 2023 and implemented since 31 March 2023, in the course of overseas offering and listing activities by a domestic enterprise, the domestic enterprise shall establish a sound confidentiality and archive work system, to implement the responsibility of confidentiality and archive management. A domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any documents and data that contain state secrets or working secrets of government agencies, shall report to the competent authorities with approval authority for approval in accordance with the law, and files with the secrecy administrative department at the same level. Where a domestic enterprise provides or publicly discloses to any entities including securities companies, securities service providers and overseas regulators and individuals, or provides or publicly discloses through its overseas listed entities other documents or data whose leakage will adversely affect national security or public interests, it shall strictly fulfil the corresponding procedures in accordance with the relevant state regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

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REGULATION RELATING TO PRODUCTION

Production Safety

Pursuant to the Production of Work Safety Law of the People’s Republic of China (2021 Amendment) (《中華人民共和國安全生產法》) promulgated by the SCNPC on 29 June 2002, last amended on 10 June 2021 and implemented on 1 September 2021, the emergency management department of the State Council shall carry out comprehensive supervision and management of national work safety, and the production and operation entities must implement the national standards or industry standards formulated in accordance with the law to ensure production safety, establish and improve the safety production responsibility system and safety production rules and regulations for all employees, and the production and operation entities shall not engage in production and business activities if they do not have the conditions for production safety. The production and operation entities shall offer education and training programmes to their employees regarding production safety so as to ensure that the employees have the necessary knowledge of production safety and provide them with labour protection products in line with national standards or industry standards.

REGULATION RELATING TO ENVIRONMENTAL PROTECTION

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the SCNPC, on 26 December 1989, last amended on 24 April 2014 and became effective on 1 January 2015, the competent environmental protection department under the State Council is responsible for the unified supervision and management of the national environmental protection work. Construction projects that have environmental impact shall be subject to environmental impact assessment. Construction projects without undergoing assessment for environmental impact according to the laws cannot commence construction. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Installations of the pollution prevention and control facility shall comply with the requirements of the approved environmental impact assessment report, and shall not be dismantled or left idle without authorisation. The State shall implement a pollution permit management system in accordance with the provisions of the law.

Pursuant to the Law of the PRC on Environment Impact Assessment (《中華人民共和國環境影響評價法》) promulgated by SCNPC on 28 October 2002 and last amended and became effective on 29 December 2018, and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》) promulgated by the State Council on 29 November 1998 and last amended and became effective on 1 October 2017, the state implements the construction project environmental impact evaluation system and the State Council implemented an environmental impact assessment, or EIA, to classify construction projects according to the impact of the construction projects on the environment. The Classified Management Directory of Environmental Impact Assessment of Construction Projects (建設項目環境影響評價分類管理名錄) shall be formulated and published by the competent administrative department for environmental protection under the State Council on the basis of organising experts to carry out demonstration and soliciting opinions from relevant departments, industry associations, enterprises and institutions, and the public. Constructing entities shall prepare an environmental impact report, or an EIR, or an environmental impact statement, or an EIS, or fill out the EIR Form according to the following rules: (1) for construction project with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive and detailed assessment of the pollution generated by the construction project and its impact on the environment; (2) for construction project with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialised assessment of the pollution generated by the construction project and its impact on the environment; or (3) for construction project with very small environmental impacts, environmental impact assessment is not required but an EIR Form shall be completed. Unless otherwise stipulated by laws and regulations, construction enterprises that are required to compile environmental impact reports

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or environmental impact report forms shall accept the environmental protection acceptance upon completion of the construction project. The supporting environmental protection facilities for a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project. When the environmental protection facilities of the construction have passed the inspection, the construction project can be formally put into production or use.

REGULATION RELATING TO PRODUCT QUALITY

Pursuant to the Product Quality Law (《中華人民共和國產品質量法》) promulgated by the SCNPC on 22 February 1993, and last amended and became effective on 29 December 2018, the products shall pass the quality inspection and the substandard products shall not be passed off as qualified products. The producers shall be liable for the quality of products produced by them. The seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances; in cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses: (1) the product lacks the essential properties for its intended use without prior clear indication; (2) the product does not meet the stated standards displayed on the product or its packaging; or (3) the product does not match the quality as described in the product information or physical sample.

REGULATION RELATING TO SALE OF PRODUCTS

Anti-Unfair Competition

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC on 2 September 1993 and last amended on 27 June 2025 and became effective on 15 October 2025, the State provides certain measures to prevent unfair competition and protect market order, which includes, among others, prohibition of infringement of business secrets, improper prize sale, confusing behaviour, and the fabrication and dissemination of false information or misleading information. The business operator shall not bribe any staff of the counterparty, any entity or individual that is entrusted by the counterparty to handle relevant affairs, or using their authority or influence the entity or personnel of the counterparty, for business opportunity or competitive edge. Business operators may, in their transaction activities, explicitly give discount to a transaction counterparty, or pay commission to a middleman. When giving discount to a transaction counterparty or paying commission to a middleman, the business operator shall record the discount or commission in its accounts truthfully. Business operators who receive discount or commission shall also record the discount or commission in their accounts truthfully. Where the business operator violates the relevant provisions of this law, the regulatory authority may order the operator to stop the illegal act and confiscate the income, and impose a fine of more than RMB50,000 and less than RMB3 million depending on the seriousness, and revoke the business licence in serious case.

Anti-money Laundering

Pursuant to the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》) promulgated by SCNPC on 31 October 2006, last amended on 8 November 2024 and became effective on 1 January 2025, the Anti-money laundering refers to the adoption of relevant measures in accordance with the provisions of the Law, for preventing money laundering activities related to cover up and conceal of drugs dealing, organised crime, terrorism, smuggling, corruption and bribery, breaking the order of financial management and financial fraud. Where an act in violation of this law that constitutes a crime shall be subject to prosecution for criminal responsibility.

REGULATION RELATING TO INTELLECTUAL PROPERTY

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982, last amended on 23 April 2019 and became effective on 1 November 2019 and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和

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《商標法實施條例》) promulgated by the State Council on 3 August 2002, last amended on 29 April 2014 and became effective on 1 May 2014, trademarks registered with the Trademark Office are registered trademarks, including commodity trademarks, service trademarks, collective marks and certification marks. Trademark registrants enjoy the exclusive right to use their registered trademarks and are protected by law.

A registered trademark is valid for ten years, commencing from the date of registration and can be renewed for another ten years, commencing from the day after the expiry date of the last period of validity of the trademark. The renewal formalities shall be completed within 12 months before the expiration date and can be extended for six months. The Trademark Office shall make an announcement on the renewal of the registered trademarks. Trademark registrant may licence its registered trademark to another party by entering into a trademark licence agreement, but the trademark licence agreements must be filed with the Trademark Office to be recorded, while the non-filing of the licencing of a trademark shall not be contested against a good faith third-party. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. Without the permission of the trademark registrant, the use of a trademark identical or similar to the registered trademark on the same type of goods, or the use of a trademark identical or similar to the registered trademark on similar goods, which is likely to cause confusion, shall be regarded as an infringement of the exclusive right to use the registered trademark.

Patents

The Patent Law of the People’s Republic of China (《中華人民共和國專利法》) promulgated by the Standing Committee of the NPC on 12 March 1984 and last amended on 17 October 2020 and implemented on 1 June 2021, and its implementation rules (《中華人民共和國專利法實施細則》), which were promulgated by the China Patent Office on 19 January 1985 and last amended by the State Council on 11 December 2023 and implemented on 20 January 2024, the term invention creation under the Law refers to “invention,” “utility model” and “design.” “Invention” refers to any new technical solution in relation to a product, or a process or improvement thereof; “utility model” refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; “design” refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern or its combination of products, as well as the combination of colour, shape and pattern. The patent administration department of the State Council is responsible for the administration of patents throughout the country; it uniformly accepts and examines patent applications and grants patents in accordance with the law. The validity period of patent for an “invention” is 20 years, while the validity period of patent for a “utility model” is 10 years and that of a “design” is 15 years, from the date of application.

A patentable invention or utility model must be novel, inventive and practical. The design for which a patent is granted shall not be an existing design, and the design for which the patent right is granted shall be distinctly different from the prior design or a combination of features of the prior design. The rights of patent holders are protected by law, allowing others to use the patent only if it is properly authorised. Except as provided by law, the exploitation of a patent without the permission of the patentee constitutes patent infringement.

Domain Names

Pursuant to the Administrative Measures of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and implemented on 1 November 2017, and the Implementing Rules for the Registration of National Top Level Domain Names (《國家頂級域名註冊實施細則》) and the Rules for Dispute Resolution of National Top Level Domain Names (《國家頂級域名爭議解決規則》) promulgated by the China Internet Network Information Centre on 18 June 2019 and implemented on the same date, the principle of “first apply, first register” is applied to domain name registration services, subject to any

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other provisions in the implementation details of the corresponding domain name registrations. The maximum validity period of a domain name registration shall not exceed ten years. If a domain name is renewed, the maximum period of validity shall not exceed ten years from the date of renewal to the expiry date of the renewed domain name, except in the case of automatic renewal due to a change in the registration service provider. The applicant is deemed to be the holder of the domain name upon completion of the domain name registration. Domain name disputes shall be handled and resolved by a domain name dispute resolution body recognised and authorised by China Internet Network Information Centre.

According to the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) issued by the Ministry of Industry and Information Technology on 27 November 2017 and implemented on 1 January 2018, the domain names used by internet information service providers for engaging in internet information services shall be registered as their own in accordance with laws and regulations. Internet access service providers shall check the identity of internet information service providers in accordance with the requirements of relevant laws. If the internet information service provider does not provide true identity information, the internet access service provider shall not provide services for it.

Regulations relating to Real Estate

According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the National People’s Congress on 28 May 2020, which took effect on 1 January 2021, the creation, change, transfer and cancellation of real estate rights shall be effective upon registration in accordance with the law, and shall not be effective without registration, unless otherwise provided by law. The registration of real estate shall be carried out by the registration organisation where the real estate is located. The State implements a unified registration system for real estate, and the scope of unified registration, registration organisations and registration methods shall be prescribed by laws and administrative regulations.

According to the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法》) promulgated by the Standing Committee of the National People’s Congress on 25 June 1986, last amended on 26 August 2019 and implemented on 1 January 2020, construction entities acquiring land use right in respect of state-owned land at a consideration such as by way of grant of land shall pay land use fee and other fees such as land grant premium in accordance with the standards and rules stipulated by the State Council before using such land. Construction entities shall use state-owned land according to the stipulations of the land use right assignment and other compensated use contract or according to the provisions of the approval documents relevant to the allocation of land use rights. The conversion of the construction purposes of the land shall receive the consent of the competent department of natural resources of the relevant people’s government and be submitted to the people’s governments that originally granted land use approval. Among which, when changing the purpose of land within urban planning areas, consent shall be obtained from the relevant urban planning administration department before submission.

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on 1 November 1997 and latest amended and implemented on 23 April 2019, prior to the commencement of construction work, the construction entity shall apply to the construction administrative authority of the people’s government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without acceptance or with unqualified acceptance. A construction project which has already obtained approvals for its construction commencement report pursuant to the terms of reference and procedures prescribed by the State Council is no longer required to obtain a commencement of construction work permit. The construction entity shall start to build the projects within three months since obtaining the

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Construction Permit. Should the constructing entity fail in starting the construction work as scheduled, they shall apply for extension with the construction authority. Application for extension shall be limited to twice and each extension period shall be no more than three months. Upon failure in commencing the construction work as scheduled without application for extension or excess of such application or expiration of the extension period, the Construction Permit shall automatically become null and void.

REGULATIONS ON LABOUR

Labour

Pursuant to the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on 5 July 1994 and latest amended and implemented on 29 December 2018, labourers have the right to be employed on an equal basis, choose occupations, obtain remunerations for labour, take rests, have holidays and leaves, receive labour safety and sanitation protection, get training in professional skills, enjoy social insurance and welfare treatment, and submit applications for settlement of labour disputes, and other labour rights stipulated by law. An employer shall develop and improve its rules and regulations in accordance with the law to safeguard the rights of its workers.

Pursuant to the Labour 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 29 June 2007, latest amended on 28 December 2012 and implemented on 1 July 2013, and the Implementation Regulations of the Labour 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》) promulgated by the State Council on 18 September 2008 and implemented on the same date, the Law is applicable to the conclusion, performance, alteration, cancellation or termination of a labour contract between employers such as enterprises and labourers in the PRC. When an employer recruits any employees, such employer must inform the employees of the work content, work conditions, work place, occupational hazards, safety conditions and labour compensations, and any other information that the workers may request. When establishing a labour relationship, a written labour contract shall be concluded. A labour contract shall contain the following provisions: the name, residence and legal representative or principal person in charge of the employer; the name, address and number of the resident’s identity card or other valid identity document of the worker; the duration of the labour contract; the content and location of the work; the hours of work and rest and leave; remuneration for the work; social insurance; protection of the work, the conditions of the work and the protection against occupational hazards; and other matters that shall be included in the labour contract as stipulated by laws and regulations.

Social Insurance and Housing Provident Fund

In accordance with the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) promulgated by the SCNPC on 28 October 2010 and latest amended and implemented on 29 December 2018, and 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 22 January 1999 and latest amended and implemented on 24 March 2019, the State establishes social insurance systems such as basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance, and employees shall participate in basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance, with the employer and the employee jointly paying the basic pension, medical and unemployment insurance premiums, and with the employer paying the premiums for occupational injury and maternity insurance, and with the employee not paying the premiums for occupational injury and maternity insurance.

In accordance with the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), employers are required to register for social insurance at the same time as they register. If an employer fails to register its employees for social insurance, the

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social insurance agency shall approve the social insurance premiums to be paid by the employer. Employers who failed to complete social security registration shall be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

Under the Regulations on the Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), which was promulgated by the State Council on 3 April 1999 and latest amended and implemented on 24 March 2019, foreign-invested enterprises, urban private enterprises and other units shall make contribution registration with the housing provident fund management centre and complete the formalities of opening housing provident fund accounts for its employees. Units should always contribute to the housing provident fund on time and in full, and should not make late or underpayment. Where an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management centre shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. Where an employer is overdue in the payment of, or underpays, the housing provident fund, the housing provident fund management centre shall order it to make the payment within a prescribed time limit; where the payment has not been made after the expiration of the time limit, an application may be made to a people’s court for compulsory enforcement.

According to the Interpretation (II) by the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) promulgated by the Supreme People’s Court on 31 July 2025 and implemented on 1 September 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 of the PRC, 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.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC on 16 March 2007, as last amended and implemented on 29 December 2018, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on 6 December 2007, as amended on 6 December 2024, and implemented on 20 January 2025, enterprises are classified as either resident enterprises or non-resident enterprises. A resident enterprise refers to an enterprise that is established in the PRC in accordance with the laws, or that is established in accordance with the laws of foreign countries (region) but whose actual administration is within the PRC. A non-resident enterprise refers to an enterprise that is established in accordance with the laws of foreign countries (region) and whose actual administration is conducted outside the PRC, but who

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established institutions in the PRC, or who has established no institutions in the PRC but derives income from the PRC. Resident enterprises are subject to EIT rate of 25% on their income derived from gains within and outside the PRC. For qualified small low-profit enterprises, a reduced EIT rate of 20% is applied. A high-tech enterprise which is supported by the PRC may be entitled to a reduced EIT rate of 15%.

According to the Administrative Measures for Recognition of High and New-Technology Enterprises (《高新技術企業認定管理辦法》) that was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on 14 April 2008, amended on 29 January 2016 and came into effect on 1 January 2016, the high and new-technology enterprises referred to in the Measures refer to resident enterprises registered in China (excluding Hong Kong, Macao and Taiwan) that continuously engage in research and development and transformation of technological achievements in the high and new-technology fields supported by China and form the core proprietary intellectual property rights of the enterprises, and carry out business activities on this basis. High and new-technology enterprises recognised under the Measures may apply for the enjoyment of preferential tax policies in accordance with the relevant provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing regulations and the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) and its implementing rules. The Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation are responsible for the guidance, management and supervision of the work of recognising high and new-technology enterprises in China. The qualification of a high and new technology enterprise shall be valid for a term of three years commencing on the date of the issuance of the certificate. After obtaining the recognition of high and new technology enterprise, the enterprise will enjoy the preferential tax from the year in which the certificate of high and new technology enterprise is issued, and may apply for preferential tax from the competent tax authorities.

Value-added Tax

The Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), adopted on 25 December 2024 by the NPC Standing Committee and effective from 1 January 2026, stipulates that entities and individuals that sell goods, services, intangible assets, or immovable property within China, as well as those that import goods, are taxpayers of value-added tax (VAT) and shall pay VAT in accordance with the law. The tax rate for taxpayers selling goods or importing goods is generally 13%. The tax rate for taxpayers selling or importing agricultural products is 9%. The tax rate for taxpayers selling services or intangible assets is generally 6%. The tax rate for taxpayers exporting goods is zero, unless otherwise stipulated by the State Council. The tax rate for cross-border sales by domestic entities and individuals of services and intangible assets within the scope stipulated by the State Council is zero. The collection rate for VAT calculated and paid using the simplified assessment method is 3%.

Urban Maintenance and Construction Tax

In accordance with Law of the People’s Republic of China on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅法》) which was promulgated by Standing Committee of National Peoples Congress on 11 August 2020, effective from 1 September 2021 and the Notice of the State Council on Extending the Urban Maintenance and Construction Tax and Educational Surcharges from Chinese to Foreign-funded Enterprises and Citizens (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) which was promulgated by the State Council on 18 October 2010 and effective from 1 December 2010, entities and individuals which are subject to VAT and consumption tax shall pay urban maintenance and construction tax. The tax rate is 7% for a taxpayer who is domiciled in a downtown area, and 5% for a taxpayer who is domiciled in a county or town, and 1% for a taxpayer who is domiciled outside a downtown area, county or town.

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Educational Surcharges

Pursuant to the Interim Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) promulgated by the State Council on 28 April 1986, last amended on 8 January 2011 and effective from 8 January 2011, entities and individuals obliged to pay consumption tax, value-added tax and business tax shall pay educational surcharges (unless otherwise specified). Educational surcharges shall be collected on the basis of the amount of value-added tax, business tax or consumption tax actually paid by such entities and individuals, collected at the rate of 3%, and paid simultaneously with value-added tax, business tax or consumption tax. Educational surcharges paid by enterprises are always paid out of sales revenue (or operating income).

Dividend Distribution

Pursuant to the Company Law of the People’s Republic of China promulgated by the SCNPC on 29 December 1993, latest amended on 29 December 2023 and implemented on 1 July 2024, a company, when distributing its after-tax profit for the year, shall withdraw 10% of the profit to be included in the company’s statutory provident fund until the cumulative amount of the statutory provident fund reaches 50% of the company’s registered capital, and if the company’s statutory provident fund is insufficient to cover losses of previous years, it shall use the profit in the current year to cover the loss before withdrawing the statutory provident fund. The after-tax profit of a company after making up losses and withdrawing reserves shall be distributed to limited liability companies in proportion to the paid-in capital of the shareholders, unless all shareholders have agreed not to distribute the profit in proportion to their capital contributions, and to companies limited by shares in proportion to the shares held by the shareholders, unless otherwise specified under the articles of association.

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 Incomes (《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 was promulgated by State Administration of Taxation on 21 August 2006 and came into effect on 8 December 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 the PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to Issuing the Measures for Non-resident Taxpayers’ Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the State Administration of Taxation on 14 October 2019 and will become effective on 1 January 2020, non-resident taxpayers are entitled to preferential treatment under tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. A non-resident taxpayer may enjoy the preferential tax treatment at the time of tax return filings or withholding declaration through a withholding agent if it determines that it is eligible for the preferential tax treatment keeps and documents relevant information for future inspection in accordance with the regulations under the treaties, subject to the relevant follow-up administration by the tax authority.

REGULATIONS ON FOREIGN EXCHANGE ADMINISTRATION

The Foreign Exchange Control Regulations of the People’s Republic of China (《中華人民共和國外匯管理條例》), promulgated by the State Council on 29 January 1996, and latest amended on 5 August 2008, with the latest revision effective on the same date, a domestic institution or individual that makes direct investment or issues or trades negotiable securities or derivative products overseas shall go through the registration formalities at the SAFE. If a prior approval or filing of a competent department is required by relevant state provisions, the approval or filing process must be completed before handling the foreign exchange registration formalities. Foreign currency payments under the capital account items (such as share capital transfer, direct investment, securities investment, derivatives or loan) shall, in accordance with the provisions of the SAFE relating to payment and purchase of foreign exchange, be made out of payer’s own foreign currency funds or be made with

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foreign currency purchased from any financial institution engaged in foreign currency settlement and sales business with valid documentation and, where an approval from the relevant foreign exchange administrative authority is required in accordance with the PRC provisions, the relevant approval shall be obtained before the foreign exchange payment is made.

Pursuant to the Notice of the People’s Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Raised by Domestic Enterprises Listed Overseas (《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》) promulgated by People’s Bank of China and the SAFE on 24 December 2025 and effective on 1 April 2026, a domestic enterprise that conducts an overseas listing shall, within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment option, apply to a bank within the province or the separately-listed municipality where it is registered for overseas listing registration. In principle, funds raised by domestic enterprises through overseas listings shall be remitted back to the territory in a timely manner. Where such funds are retained overseas for the conduct of overseas direct investment, overseas securities investment, overseas lending and other businesses, the domestic enterprise shall obtain the approval or filing documents from the business competent authorities before the date of completion of the overseas issuance or the over-allotment option, and shall comply with relevant cross-border funds administration provisions.

REGULATIONS RELATING TO STOCK INCENTIVE PLANS

Pursuant to the Issues concerning the Foreign Exchange Administration of Domestic Individuals’ Participation in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) promulgated by the SAFE on 15 February 2012, individuals participating in the same overseas listed company’s share incentive scheme should, through their domestic companies, entrust one domestic agent (hereinafter referred to as the domestic agent) to centralise the handling of foreign exchange registration, account opening, fund transfer and exchange, etc., and one overseas institution (hereinafter referred to as the overseas trustee) to centralise the handling of the exercise of rights, purchase and sale of corresponding shares or interests, and the transfer of the corresponding funds. Individuals may participate in the Share Incentive Scheme with their own foreign exchange or domestic legal funds such as Renminbi in their personal foreign exchange savings account. After the repatriation of the foreign exchange income derived from an individual’s participation in the Equity Incentive Scheme, the domestic agent shall, on the basis of the relevant written application, proof of foreign exchange registration of the Equity Incentive Scheme, foreign exchange transaction certificates, etc., have the funds transferred by the bank from the domestic dedicated foreign exchange account of the domestic agent into the corresponding personal foreign exchange savings account, and shall manage and utilise such funds in accordance with the relevant provisions of the personal foreign exchange savings account.

REGULATIONS RELATING TO THE H-SHARE FULL CIRCULATION

Pursuant to the Guidelines for H-Share Companies on Applying for Full Circulation of Domestic Unlisted Shares (《H股公司境內未上市股份申請全流通業務指引》) promulgated by the CSRC on 14 November 2019, revised on 10 August 2023 and with effect from the same date, subject to compliance with relevant laws and regulations as well as policies concerning State-owned asset management, foreign investments and industry regulation, holders of domestic unlisted shares may independently determine the quantity and proportion of shares for which they apply for circulation through mutual consultation and shall entrust the H-share company to complete the filing with the CSRC. Domestic joint-stock companies that are not yet going public may submit the filing for “full circulation” to the CSRC concurrently on their initial overseas public offering and listing.

Holders of domestic unlisted shares shall, in accordance with the relevant business rules of China Securities Depository and Clearing Corporation Limited (the “CSDC”), complete the share transfer registration procedures, fulfill the processes for share registration and listing in compliance with the relevant regulations of the Hong Kong market and conduct information disclosure in

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accordance with applicable laws and regulations. Once the domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to the domestic market. Holders of domestic unlisted shares may increase or reduce their holdings of the shares traded on the Hong Kong Stock Exchange in accordance with the relevant business rules. A domestic enterprise that has issued securities overseas shall submit a relevant status report to the CSRC within 15 days after the underlying shares have completed the transfer registration with the CSDC.

The Guidelines for the ‘Full Circulation’ Program of H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股「全流通」業務指南》) promulgated by Shenzhen Branch of the CSDC on 20 September 2024, revised on 27 June 2025 and with effect from 30 June 2025 clearly provides for business arrangements and procedures related to H-share full circulation, including business preparation, cross-border share transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic shareholding details, corporate behavior processing, clearing and settlement, risk management and business charges.