
REGULATORY OVERVIEW

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC

Regulations and Policies Related to the Pharmaceutical Cold Chain Supply Logistics Industry

Pursuant to the Regulations on Road Transportation of PRC (《中華人民共和國道路運輸條例》), which was promulgated by the State Council on April 30, 2004 and last amended on January 30, 2026, and became effective on March 20, 2026, and the Provisions on Administration of Road Freight Transportation and Stations (Sites) (《道路貨物運輸及站場管理規定》), which was promulgated by the Ministry of Transport on June 16, 2005 and last amended on February 6, 2026 and became effective on March 20, 2026 (the “**Road Freight Provisions**”), the business operations of road freight transportation refer to commercial road freight transportation activities that provide public services. The road freight transportation includes general road freight transportation, special road freight transportation, road transportation of large articles, and road transportation of hazardous cargos. Special road freight transportation refers to freight transportation using special vehicles with containers, refrigeration equipment, or tank containers, etc. The Road Freight Provisions set forth detailed requirements with respect to vehicles and drivers, pursuant to which, anyone engaging in the business of operating road freight transportation must obtain a Road Transportation Operation Permit from the local county-level road transportation administrative bureau. Except international freight transportation and transportation of dangerous goods, such individual or institution applying for the operation of freight transportation shall have: (i) qualified vehicles for operations; (ii) competent drivers under 63 with relevant driving licenses who (except for drivers who use general freight vehicles with a total mass of 4.5 metric tons or less) have passed requisite knowledge tests and obtained qualification certificates, and (iii) sound and proper administrative systems for safe operation. The transportation administrations at the county level (districted city level for transportation of dangerous goods) are responsible for the issuance of the operating permits for the freight transport operating enterprises and the operating licenses for the freight transport operating vehicles. An enterprise shall conduct freight transportation operation in accordance with the scope specified under its road transportation operation permit and shall not transfer or rent such permit to others. Pursuant to the Notice on the Cancellation of the Road Transportation Certificate and the Driver Qualification Certificate for Ordinary Freight Vehicles with a Total Mass of 4.5 Tons or Less (《交通運輸部辦公廳關於取消總質量4.5噸及以下普通貨運車輛道路運輸證和駕駛員從業資格證的通知》), which was promulgated by the Ministry of Transport on December 24, 2018 and became effective on January 1, 2019, local transportation management departments will no longer issue road transportation certificate for ordinary freight vehicles with a total mass of 4.5 tons or less. The Road Traffic Safety Law of PRC (《中華人民共和國道路交通安全法》), which promulgated by the Standing Committee of the National People’s Congress of the PRC (the “**SCNPC**”), and last amended and became effective on April 29, 2021, sets out the basic framework for road traffic safety and provides the rules for the drivers of vehicles, pedestrians, passengers and the entities and individuals involved in road traffic activities.

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According to the Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), which was promulgated by the State Council on January 4, 2000 and last amended on December 6, 2024 and became effective on January 20, 2025, and the Measures for the Supervision and Administration of Medical Devices Operation (《醫療器械經營監督管理辦法》), which was promulgated by the former National Food and Drug Administration on July 30, 2014 and last amended on March 10, 2022 by the State Administration for Market Regulation (the “SAMR”), and became effective on May 1, 2022, in the PRC, medical devices are classified into three different categories, Class I, Class II and Class III, based on the degrees of risks associated with each medical device. To engage in the operation of Class II medical devices, an operating enterprise shall make a record-filing with the municipal level drug supervision and administration department, while to engage in the operation of Class III medical devices, an operating enterprise shall apply for the Medical Devices Operation License to the municipal level drug supervision and administration department. Medical device registrants and filers may sell their registered or filed medical devices at their registered address or production site without obtaining a medical device business license or filing, provided they meet the prescribed business conditions. However, if medical devices are stored and sold in other places, a medical device business license or filing must be obtained in accordance with regulations. According to Good Supply Practice for Medical Devices (《醫療器械經營質量管理規範》) issued by National Medical Products Administration on December 4, 2023, and became effective on July 1, 2024, whoever engages in business operations of medical devices shall adopt effective quality management measures in the whole process of purchase, acceptance inspection, storage, sales, transportation and after-sales services of medical devices to ensure the quality, safety and traceability of medical device products in the process of business operations.

Pursuant to the Good Practice for Clinical Trials of Drugs (《藥物臨床試驗質量管理規範》), which was promulgated by the former National Food and Drug Administration on August 6, 2003 and last amended by the National Medical Products Administration and the National Health Commission on April 23, 2020 and became effective on July 1, 2020, the collection, testing, transportation, and storage of specimens in clinical trials shall ensure quality. The packaging of investigational medicinal products shall prevent contamination or deterioration during transportation and storage. Temperature conditions during transportation and storage of investigational medicinal products shall comply with requirements.

Regulations Relating to Corporation and Foreign Investment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the SCNPC on December 29, 1993 and became effective on July 1, 1994, and was last amended on December 29, 2023 and became effective on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed or the shares they have subscribed for.

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On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”) and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective. Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be promulgated by, amended or released upon approval by the State Council, from time to time. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), which were promulgated by the National Development and Reform Commission (the “**NDRC**”) and the MOFCOM on September 6, 2024 and became effective on November 1, 2024 and catalog of Encouraged Industries for Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》), which was promulgated by the NDRC and the MOFCOM on December 15, 2025 and became effective on February 1, 2026, listed the categories of encouraged, restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. According to the Negative List, as of the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special management measures.

Regulations Relating to Customs Declaration

The Customs Law of the PRC (《中華人民共和國海關法》) was promulgated by the SCNPC on January 22, 1987 and became effective on July 1, 1987, and last amended and became effective on April 29, 2021, stipulate that the customs of the PRC is a governmental organization responsible for supervision and control over all arrivals in and departures from the customs territory. All the transports, goods and articles shall enter into or exit from the territory of the PRC at a place where a customs office is established. The customs declaration and duty payment formalities may be undergone by the consignees or consignors of imported and exported goods, or by the customs clearing enterprises entrusted by such consignees or consignors.

According to the Announcement on Fully Including the Filing of Customs Declaration Entities in the Reform of “Integrating Multiple Certificates into One” (《關於報關單位備案全面納入“多證合一”改革的公告》) jointly promulgated by the General Administration of Customs of the PRC (the “**GACC**”) and the SAMR on December 20, 2021 and became effective on January 1, 2022, where an applicant intends to be filed as a customs declaration entity when undergoing the registration formalities as a market entity with the market regulation authorities, it shall tick the box of filing as a customs declaration entity as required and fill in the relevant information for filing. The market regulation authorities will then complete the registration pursuant to procedures of “Integrating Multiple Certificates into One” and share the relevant information with the GACC on the SAMR level. Such applicants are no longer required to submit applications for filing as a customs declaration entity to the customs.

We have completed the Customs Consignees and Consignors of Imported and Exported Goods Filing (海關進出口貨物收發貨人備案) in compliance with the legal requirements.

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Regulations on Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), or the Production Safety Law, which was last amended on June 10, 2021 by the SCNPC and became effective on September 1, 2021, entities engaged in production and business activities in Mainland China shall comply with the Production Safety Law and other laws and regulations related to production safety. Entities shall strengthen the management, establish and improve responsibility systems and policies, improve conditions, strengthen the standardized and information technology development of work safety, and improve the production level to ensure their production safety. The primary persons in charge of the production and operation entities are fully responsible for the production safety of their entities. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

Regulations on Environmental Protection

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was last amended by the SCNPC on December 29, 2018 and became effective on the same date, the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was last amended by the State Council on July 16, 2017 and became effective on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and became effective on the same date, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection competent administrative department of the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. For construction projects that are constructed in phases or put into production or used in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not been carried out or have not passed the acceptance inspection shall not be put into production or use.

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Regulations on Pollutant Discharge

According to the Regulations on the Management of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, and the catalog for the Classified Management of Fixed Pollution Source Discharge Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and became effective on the same date, those with a smaller volume of pollutant generation, emissions and environmental impact are subject to simplified management. Entities with minimal pollutant generation, emissions and environmental impact are subject to pollutant discharge registration management.

Regulations on Information Security and Data Privacy

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), which was last amended on October 28, 2025 by the SCNPC and became effective on January 1, 2026. According to the Cybersecurity Law, network operators shall abide by the principles of legality, legitimacy and necessity when collecting and using personal information. Network operators shall disclose the rules for collection and use, specify the purpose, methods and scope of collection and use of information, and obtain consent from the persons whose personal information is collected, when collecting and using personal information. Network operators shall not collect the personal information irrelevant to the services they provide, nor disclose, tamper with or damage the personal information they collect, and shall not provide relevant personal information to others without the prior consent of the persons whose personal information is collected, except for the personal information that cannot be identified and restored after processing.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”), which became effective from September 1, 2021. According to the Data Security Law, a data classification protection system shall be established to protect data by classification. Entities engaged in data processing activities shall, in accordance with the laws and regulations, establish a sound whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

In accordance with the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”), promulgated by the Standing Committee of the National People’s Congress on August 20, 2021 and effective as of November 1, 2021, the basic principles for processing personal information are clearly defined. The Personal Information Protection Law also stipulates rules for processing personal information and sensitive personal information, regulations on cross-border transfers of personal information, the rights of individuals in personal information processing activities, and the obligations of personal information handlers. If a personal information handler violates the provisions of the Personal Information Protection Law or fails to fulfill its legal obligations, it may face penalties such as rectification orders, warnings, confiscation of illegal gains, fines, suspension of related operations, business shutdowns, revocation of relevant licenses, or business revocation. In severe cases, the legal liability of the personal information handler may be significantly increased.

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Regulations on Real Estate

The Land Administration Law of the PRC (《中華人民共和國土地管理法》) was last amended by the SCNPC on August 26, 2019, and became effective on January 1, 2020. Pursuant to the Land Administration Law of the PRC, construction entities that have obtained state-owned land use rights through compensated means such as grant must pay the land use right grant fees and other fees and expenses in accordance with the standards and methods prescribed by the State Council before they can use the land. Construction entities using state-owned land must use the land in accordance with the provisions of the contract for paid use of leased land use right or according to the provisions of the documents of approval concerning the allocation of land use right. If it is necessary to change the purpose of the land use, approval must be obtained from the competent natural resources department of the relevant people’s government and from the people’s government that originally approved the land use. For urban planned areas, changing land use requires prior consent from the relevant urban planning administrative department before seeking approval.

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) which was last amended by the State Council on March 10, 2024 and became effective on May 1, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) which was last amended by the Ministry of Natural Resources on May 9, 2024 and became effective on the same date, provide that, among other things, the State implements a uniform real estate registration system and real estate registration shall follow the principles of strict administration, stability, continuity, and convenience for the masses.

Regulations on the Management of Lease Housing

Pursuant to (i) the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and was last amended on August 26, 2019 and became effective on January 1, 2020, and (ii) the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the MOHURD on December 1, 2010 and became effective on February 1, 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. If the lessor and lessee fail to go through the registration and filing procedures, both lessor and lessee may be subject to fines. Pursuant to Article 706 of the Civil Code, failure to complete the formalities for the registration and filing of a lease contract in accordance with the provisions of laws and administrative regulations shall not affect the validity of the contract.

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PRC Laws and Regulations on Intellectual Property Rights

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) was promulgated by the SCNPC on March 12, 1984, and was last amended on October 17, 2020, and became effective on June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) were promulgated by the State Council on June 15, 2001, became effective on July 1, 2001, and was last amended on December 11, 2023, and became effective on January 20, 2024. According to these laws, regulations and detailed rules, patents in China are categorized into three types: invention patents, utility model patents and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another’s patent must conclude a licensing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) was promulgated by the SCNPC on August 23, 1982, became effective on March 1, 1983, and was last amended on June 26, 2026, and will become effective on January 1, 2027. The Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) were promulgated by the State Council on August 3, 2002, became effective on September 15, 2002, and was last amended on April 29, 2014, and became effective on May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed. Each renewal extends the validity period for 10 years, starting from the day following the expiration of the last validity period. Trademark registrants may authorize others to use their registered trademarks by signing trademark licensing agreements.

Domain Name

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were promulgated by the MIIT on August 24, 2017, and became effective on November 1, 2017. According to these management measures, the Ministry of Industry and Information Technology (the “MIIT”) is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

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Computers Software Copyright

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and became effective on the same date, regulates the registration of software copyright, the exclusive licensing contract and assignment contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and designates the China Copyright Protection Center as the agency for software registration. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants.

Regulations on Employment and Social Welfare

Employment

The Labor Law of the PRC (《中華人民共和國勞動法》) was promulgated by the SCNPC on July 5, 1994, and became effective on January 1, 1995, and was last amended on December 29, 2018 and became effective on the same date. The Labor Law of the PRC stipulates matters related to promoting employment, labor contracts, working hours, rest and leave, wages, labor safety and hygiene, special protection for female and minor workers, vocational training, social insurance and welfare, labor disputes, supervision and inspection, as well as legal liabilities.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) was promulgated by the SCNPC on June 29, 2007, and became effective on January 1, 2008, and was last amended on December 28, 2012, and became effective on July 1, 2013. The Implementation Regulation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) was promulgated by the State Council on September 18, 2008, and became effective on the same date. According to the aforementioned law and regulation, a written labor contract shall be established when forming a labor relationship. Employers shall not force employees to work overtime and must pay overtime wages according to national regulations if overtime is arranged. Wages must not be lower than the local minimum wage standard and must be paid to employees promptly.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the “**Social Insurance Law**”), which was last amended by the SCNPC on December 29, 2018, and became effective on the same date, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999, and was last amended on March 24, 2019 and became effective on the same date, enterprises shall register social insurance with local social

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insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

On July 31, 2025, the PRC Supreme People’s Court promulgated the Interpretation II by the Supreme People’s Court of the PRC on Legal 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)》), (the “**New Judicial Interpretation**”), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not to be paid, the People’s Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the Labor Contract Law of the PRC, the People’s Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the Labor Contract Law of the PRC if the employer fails to make social insurance contributions in accordance with the law.

Housing Provident Fund

Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, and was last amended on March 24, 2019, and became effective on the same date, employers in Mainland China shall provide their employees with housing provident fund. Employers who fail to contribute to the above housing provident funds may be ordered to make full payment within a prescribed time period by the housing provident fund management center. If an employing entity fails to make the payment towards the housing provident funds within a prescribed time limit, an application may be made to a people’s court for enforcement.

Regulations Relating to Overseas Investment

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and became effective on March 1, 2018, an investor shall, in overseas investment, undergo the formalities for the confirmation or recordation, among others, of an overseas investment project, report the relevant information, and cooperate in supervisory inspection.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, lastly amended on September 6, 2014 and became effective on October 6, 2014, “overseas investment” means the acts of an enterprise legally formed in China to own a non-financial enterprise or obtain the ownership,

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control, or right of business management of or any other interest in an existing non-financial enterprise outside of China by formation, acquisition or merger, or other means. The MOFCOM and the provincial counterparts promulgate regulations providing that overseas investment of enterprises to be subject to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management. When an overseas enterprise invested by an enterprise conducts overseas reinvestment, the enterprise shall report to the commerce departments after completing the overseas legal procedures.

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the State Administration of Foreign Exchange (the “SAFE”) on July 13, 2009 and became effective on August 1, 2009 and the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015, became effective on June 1, 2015 and was partially repealed on December 30, 2019, stipulates that, upon obtaining the approval for overseas investment, the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

Regulations on Foreign Exchange

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, and became effective on the same date, a domestic company shall, within 15 working days after the completion of its overseas listing, go through the registration of overseas listing with the foreign exchange bureau at its place of registration. A domestic issuer may transfer the capital raised through overseas listing to its local bank account or deposit at its overseas account. The use of proceeds shall be consistent with the purposes disclosed in this document or other public documents.

On December 26, 2025, The People’s Bank of China and the State Administration of Foreign Exchange jointly issued the Notice on Issues Concerning the Fund Management for Overseas Listings of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), which became effective on April 1, 2026, to further facilitate domestic enterprises in efficiently raising funds in overseas financial markets. The main contents of the aforementioned Notice include: (i) clarifying that proceeds from overseas listings, such as funds raised and income from share reductions or transfers, may be repatriated in either foreign currency or RMB. Listing entities participating in the Full Circulation of H Shares shall distribute dividends to domestic shareholders domestically in RMB; (ii) specifying that funds raised from overseas listings and repatriated in foreign currency may be independently converted and used; (iii) supporting the primary role of banks in directly handling the registration for overseas listings by domestic enterprises and appropriately relaxing the deadline requirements for registrations related to issuance, listing, additional offerings, and

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share reductions; (iv) clarifying that funds raised from overseas listings and proceeds from share reductions or transfers shall, in principle, be remitted back to China. Any remaining funds remitted abroad by shareholders for the purpose of share purchases, or funds from unconsummated transactions, shall be promptly repatriated. Enterprises meeting certain conditions are permitted to retain and use raised funds overseas. As of the effective date of this Notice, the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing has been replaced.

Regulations on Taxation

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) which was promulgated by the NPC on March 16, 2007 and last amended by the SCNPC on December 29, 2018, and became effective on the same date, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Enterprises that are recognized as high and new technology enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) promulgated by the Ministry of Science and Technology, the Ministry of Finance (the “**MOF**”) and the State Administration of Taxation (the “**SAT**”) and became effective on January 1, 2016, are entitled to enjoy a preferential enterprise income tax rate of 15%, under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

Tax related to equity transfer income

For Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the SAT on 30 March 1998, and became effective on the same date, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised Individual Income Tax Law and Implementation Rules of the Individual Income Tax Law.

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For Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Regulations on Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the 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》) (the “**Overseas Listing Trial Measures**”) and relevant five guidelines, which became effective March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means (the “**Overseas Offering and Listing**”), are required to fulfill the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents. Subject to specific circumstances, the Overseas Listing Trial Measures require that, among other things, (i) initial public offerings or listings on overseas markets shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas. If a PRC company fails to complete the filing procedure or the filing documents submitted by a PRC company contain misrepresentation, misleading statement or material omission, such PRC company may be subject to order to rectify, warnings and fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to fines.

In addition, the Overseas Listing Trial Measures also provides the circumstances where the Overseas Offering and Listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the Overseas Offering and Listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the PRC domestic enterprise, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic enterprise is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

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H Share Full Circulation

“Full circulation” refers to the listing and circulation of the domestic unlisted shares of an H-share listed company on the Stock Exchange of Hong Kong Limited, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines on the Application of “Full Circulation” of Domestic Unlisted Shares by H-share Companies (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請“全流通”業務指引》) (the “**Guidelines on ‘Full Circulation’**”) and last amended on August 10, 2023 and became effective on the same day. According to the Guidelines on “Full Circulation,” provided that the requirements set out in the relevant laws and regulations and in the policies for state-owned assets management, foreign investments and industry regulation are satisfied, the shareholders of domestic unlisted shares may decide at their own discretion through negotiation the amount and proportion of shares applying for circulation, and entrust the H-share Listed Company to submit the application for “full circulation.” The H-share Listed Company shall apply to the CSRC for “full circulation” in accordance with the administrative licensing procedures required for the “examination and approval of overseas public offering and listing of shares (including additional issuance) by joint stock companies.” Upon approval of the application for “full circulation” by the CSRC, the H-share Listed Company shall submit a report to the CSRC within 15 days after completion of the registration of shares involved in the application with the China Securities Depository and Clearing Co., Ltd. (the “**CSDC**”). Pursuant to the Overseas Listing Trial Measures, for a domestic company seeking direct overseas listing, the shareholders holding the domestic unlisted shares of such domestic company who apply for the conversion of the domestic unlisted shares into overseas listed shares shall comply with the relevant provisions of the CSRC and entrust such domestic company to file with the CSRC.

On December 31, 2019, the CSDC and Shenzhen Stock Exchange jointly issued the implementation Measures for H-share “Full Circulation” Business (《H股“全流通”業務實施細則》), which applied to the cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominee holders and other businesses in relation to share “full circulation” business.

In order to fully promote the reform of H-share “full circulation” and specify the business arrangements and procedures for registration, custody, settlement and delivery of relevant shares, the CSDC Shenzhen Branch last amended the Circular on Issuing the Guidance for H-share “Full Circulation”(《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》) on June 27, 2025, and became effective on June 30, 2025, which specified the business preparation, account arrangements, cross-border share transfer registration and overseas centralized custody, etc.

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THE BIOSECURE ACT

The BIOSECURE Act (the “**Act**”) was signed into law on December 18, 2025, as Section 851 of the Fiscal Year 2026 NDAA (“**FY 2026 NDAA**”). After failing to pass in the 2023-2024 legislative session due to concerns about due process for targeted companies, the Act was revived through an amendment to the FY 2026 NDAA. While the Act itself is effective immediately, its core prohibitions will not take effect until relevant implementing steps are completed, including the issuance of the BCC list, updates to the Federal Acquisition Regulation (“**FAR**”), and agency guidance. These restrictions are expected to become effective as early as 2027, with different timelines depending on the classification of the company.

The Act reflects a bipartisan consensus that biotechnology has become a strategic national security domain, aiming to reduce the U.S. dependency on foreign adversary-linked suppliers, particularly from China, Russia, Iran, and North Korea, in genomics, data analytics, and biomanufacturing. Under the Act, a federal “executive agency” may not: (i) procure or obtain any “biotechnology equipment or service” produced or provided by a BCC; (ii) enter into a contract or extend or renew a contract with any company that either: (a) uses “biotechnology equipment or services” produced or provided by a BCC in performance of a contract with the “executive agency;” or (b) enters into any contract the performance of which will require, in performance of the contract with the “executive agency,” the use of “biotechnology equipment or services” produced or provided by a BCC; and (iii) obligate or expend loan or grant funds for “biotechnology equipment or services” provided by a BCC, whether directly or through a loan or grant recipient.

A BCC is defined as any entity that:

- **1260H List Entities:** appears on the Department of Defense’s (DoD) Section 1260H list of “Chinese military companies” (also known as “**CMC List**”) operating in the U.S., provided the entity is involved in biotechnology equipment or services. Currently, the entities added to the 1260H List that are involved in biotechnology equipment or services include BGI Genomics Co., Ltd. (BGI), BGI Group, Forensic Genomics International (FGI), and MGI Tech Co., Ltd. (MGI).
- **OMB-Designated Entities:** meets criteria established by the OMB, requiring that the entity:
 - subject to the administrative governance, direction, or control of, or operates on behalf of, a “foreign adversary” (China, North Korea, Russia, or Iran);
 - involved to any extent in the manufacturing, distribution, provision, or procurement of biotechnology equipment or services; AND
 - poses a risk to the national security of the U.S. based on:
 - (a) engaging in joint research with, being supported by, or being affiliated with a foreign adversary’s military, internal security forces, or intelligence agencies;

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- (b) providing multiomic data obtained via biotechnology equipment or services to the government of a foreign adversary; or
 - (c) obtaining human multiomic data via the biotechnology equipment or services without express and informed consent.
- **Related Entities:** a subsidiary, parent, or successor of a BCC, if that entity meets the criteria set out for the OMB-designated entity.

The Act provides a five-year safe harbor for existing contracts with companies later designated as BCCs under the 1260H List or OMB-designated entities. The five-year window begins when the FAR is updated to implement the Act’s requirements, allowing entities five years to fulfill current contracts, transition to alternative suppliers, and wind down business with BCCs. This safe harbor is unavailable for existing contracts with companies named on the 1260H List as of December 18, 2025.

The prohibitions and restrictions under the Act are subject to a phased implementation rather than becoming effective immediately upon enactment. By December 18, 2026, the OMB is required to publish the initial list of designated BCCs, supplementing the existing 1260H list. Following this, the OMB will issue implementing guidance by June 18, 2027, with the FAR Council slated to revise procurement regulations by June 18, 2028. Consequently, restrictions are expected to take effect on August 17, 2028, for entities on the 1260H list (as of December 2025), and on September 17, 2028, for all other OMB-designated BCCs.