
REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATING TO BUSINESS OPERATIONS IN CHINESE MAINLAND

REGULATIONS ON COMPANY

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress of the PRC (the “SCNPC”) on December 29, 1993 and came into effect on July 1, 1994. The PRC Company Law was subsequently amended in 1999, 2004, 2005, 2013, 2018 and 2023. The latest amended PRC Company Law became effective on July 1, 2024. The PRC Company Law generally governs two types of companies — limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the shareholders of a limited liability company is liable to the Company to the extent of the amount of capital contributions they have made; while the shareholders of a joint stock limited company is liable to the company to the extent of shares they have subscribed for. The PRC Company Law also applies to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail.

REGULATIONS ON FOREIGN INVESTMENT

On March 15, 2019, the NPC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”) which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Implementation Rules for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “**Implementation Rules**”) which became effective on January 1, 2020.

On October 26, 2022, the MOFCOM and the NDRC released the Catalog of Encouraged Industries for Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the “**Encouraged Catalog**”) which became effective on January 1, 2023. On September 6, 2024, MOFCOM and the NDRC released the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”) which became effective on November 1, 2024. The Encouraged Catalog and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged” “restricted” and “prohibited”. Foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment.

REGULATIONS ON OUTBOUND INVESTMENT

Pursuant to the Administrative Measures for Outbound Investment (2014) (《境外投資管理辦法(2014)》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by verification and approval. Outbound investment that falls under any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and effective from March 1, 2018, a domestic enterprise (the “**Investor**”) in the PRC making an outbound investment shall go through

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verification and approval or record-filing or other procedures applicable to outbound investment projects (the “**Projects**”), report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by the Investor directly or through overseas enterprises controlled by them shall be subject to the management of verification and approval; non-sensitive Projects directly carried out by the Investor, namely, non-sensitive projects involving the Investor’s direct contribution of assets or rights and interests or provision of financing or security, shall be subject to the management of record-filing. The aforementioned sensitive Projects mean Projects involving sensitive countries and regions or a sensitive industry. The NDRC promulgated the Catalog of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018, to list the sensitive industries for outbound investment in detail.

REGULATIONS ON PRODUCT QUALITY

The Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”) promulgated by SCNPC which was latest amended on December 29, 2018, applies to all production and sale activities in the PRC. Pursuant to the Product Quality Law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product’s manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes physical injury or damage to property, the victim may claim compensation from the manufacturer or the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

REGULATIONS ON IMPORT AND EXPORT OF GOODS

The Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and last amended on December 27, 2025, and the Regulations on the Administration of Import and Export of Goods of the PRC (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 and last amended on March 10, 2024, both stipulated that the import and export of goods and technologies to and from the PRC are free, unless otherwise in relevant laws or administrative regulations, and all entities engaging in the business of importation and exportation of goods shall comply with applicable laws and regulations. The Customs Law of the PRC (《中華人民共和國海關法》) promulgated on January 22, 1987 and last amended on April 29, 2021, stipulates that, among other things, the consignee or consignor of import or export goods or a customs agent shall file for record with relevant customs authority before going through any customs declaration procedures. Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021, effective from January 1, 2022, gives further detailed requirement on the documents needed for the filing and the requirement on reporting certain changes of the filed information to the relevant customs authority.

REGULATIONS ON PRODUCTION SAFETY

The Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the “**Production Safety Law**”), promulgated by the SCNPC on June 29, 2002 and last amended on June 10, 2021, applies to all entities engaging in production and business activities in the PRC. Such entities shall, according to the

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Production Safety Law, strengthen work safety management, establish and improve the all-staff work safety responsibility system and internal rules and regulations in relation to work safety, increase investment in funds, materials, technologies and staff for work safety, improve working conditions, strengthen the development of a standardized and information technology enabled work safety system, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism so as to ensure work safety. Violations of the Production Safety Law may result in administrative penalties such as fine, suspension of operation and revocation of license.

REGULATIONS ON FIRE PREVENTION

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the “**Fire Prevention Law**”) issued by the SCNPC on April 29, 1998 and last amended on April 29, 2021, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and last amended on August 21, 2023, special construction projects as defined under these provisions shall conduct fire protection design review and fire protection acceptance inspection, construction projects other than such special construction projects shall file protection acceptance of the project with competent authority.

REGULATIONS ON ENVIRONMENTAL PROTECTION

Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by the SCNPC on December 26, 1989 and last amended on April 24, 2014, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment of the PRC (the “**MEE**”) is authorized to issue national standards for environmental quality and discharge of pollutants, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards for discharge of pollutants which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Environmental Impact Assessment

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 promulgated by the SCNPC on December 29, 2018, 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 promulgated by the State Council on November 29, 1998 and last amended on July 16, 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, the PRC implements an environmental impact assessment system for construction projects. Prior to the commencement of a construction project, the construction entity must submit an environmental impact report, an

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environmental impact statement for approval, or an environmental impact registration form for record-filing, as required by the competent environmental protection administrative department under the State Council. Furthermore, upon completion of a construction project for which an environmental impact report or statement has been prepared, the construction entity must conduct an acceptance inspection of the supporting environmental protection facilities in accordance with the standards and procedures prescribed by the competent environmental protection administrative department under the State Council, and prepare an acceptance report. Facilities that have not undergone or failed the acceptance inspection are prohibited from being put into production or use.

Prevention and Control of Various Types of Pollution

The Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), as promulgated on May 11, 1984 and last amended on June 27, 2017, the Law on Prevention and Control of Atmospheric Pollution of the PRC (《中華人民共和國大氣污染防治法》), as promulgated on September 5, 1987 and last amended on October 26, 2018, the Law on Prevention and Control of Environmental Noise Pollution of the PRC (《中華人民共和國噪聲污染防治法》), which was promulgated on December 24, 2021, and the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was promulgated on October 30, 1995 and last amended on April 29, 2020, prescribe the requirements for the prevention and control of water pollution, atmospheric pollution, noise pollution and solid waste respectively.

Pollutant Discharge

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated by the MEE on April 1, 2024 and effective on July 1, 2024 and Regulations on the Administration of Pollutant Discharge Licensing (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and effective on March 1, 2021. Enterprises, public institutions and other producers and business operators that are included in the category-based administration catalog of pollutant discharge licensing for stationary pollution sources issued by the MEE are required to apply for and obtain a pollutant discharge permit within the prescribed time limit. According to the Guidelines for Registration of Stationary Pollution Sources (for Trial Implementation) (《固定污染源排污登記工作指南(試行)》) promulgated by the General Office of the MEE on January 6, 2020, where the amount of pollutants produced, discharged and the impact on the environment is slight, such enterprises do not need to apply for the pollutant discharge permit, but are required to register for the discharge of pollution of stationary sources.

Urban Drainage

According to the Regulation on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》), which was promulgated by the State Council on October 2, 2013 and effective from January 1, 2014, and the Administrative Measures on Licensing of Urban Sewage Discharging into Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on January 22, 2015 and last amended on December 1, 2022, enterprises, institutions and individual industrial and commercial households engaging in industry, construction, catering industry, medical industry and discharging sewage into the urban drainage network must apply for and obtain a license for urban drainage.

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On March 12, 2026, the NPC passed the Code on the Ecological Environment of the PRC (《中華人民共和國生態環境法典》), which will come into effect on August 15, 2026, the aforementioned environmental protection regulations will be abolished by then and the Code on the Ecological Environment of the PRC has not come into effect as of the Latest Practicable Date.

REGULATIONS ON REAL ESTATE

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”), the establishment, modification, assignment and extinguishment of real estate property rights are effective upon registration in accordance with the law, unless the law stipulates otherwise. Real estate registration shall be handled by the registration authority at the location of the property in accordance with the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) promulgated by the State Council on November 24, 2014 and March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and last amended on May 9, 2024.

REGULATIONS ON HOUSE LEASING

Pursuant to the Civil Code, subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, according to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and came into effect on February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people’s government of a municipality directly under the central government of the PRC, city or county where the house leased is located. If individuals or entities are in violation of the above provisions, they may be ordered to make corrections within a specified time limit by the competent construction (real estate) department of the people’s government of a municipality directly under the central government, city or county. If any individual fails to do so, a fine of less than RMB1,000 will be imposed, while if any entity fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

REGULATIONS ON INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and last amended on October 17, 2020, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001 and last amended on December 11, 2023, patents in the PRC are categorized into invention patents, utility model patents and design patents. Commencing from the date of application, the duration of patent rights for invention patents, utility model patents, and design patents are twenty years, ten years and fifteen years, respectively. No person may misappropriate the patent without permission or authorization of the patentee. Otherwise, the use of the patent in question constitutes an infringement of the patent right.

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Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982 and amended on April 23, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014, trademarks approved by and registered with the Trademark Office are registered trademarks, including good marks, service marks, collective marks and certification marks. The valid period of a registered trademark is ten years, commencing from the date of the registration. For continuous use of the registered trademark, the trademark registrant is required to apply for renewal within twelve months before the expiry date. The valid period for each renewal of registration is ten years, commencing from the date immediately following the expiration of the previous validity period of the trademark.

On June 26, 2026, the SCNPC revised and adopted the Trademark Law of the PRC (《中華人民共和國商標法》), which will come into effect on January 1, 2027 and has not come into effect as of the Latest Practicable Date.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020, works of PRC citizens, legal persons or unincorporated organization, which refer to intellectual achievements in the fields of literature, art, and science that are original and can be expressed in a certain form, whether published or not, enjoy copyrights. Pursuant to the Computer Software Copyright Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001 and last amended on January 30, 2013, the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department. A software copyright owner may authorize others to exercise that copyright and is entitled to receive remuneration.

REGULATIONS ON LABOR AND SOCIAL WELFARE

Labour Law and Labour Contracts

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and last amended on December 29, 2018, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007 and last amended on December 28, 2012, and the Regulations on the Implementation of the Labor Contract Law (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council on September 18, 2008, labor relationship between employers and employees must be executed in written form. Where a labor relationship has already been established but no formal contract has been made, a written labor contract shall be entered into within one month from the date when the employee begins to work. Employers must establish a system for labor safety and sanitation, strictly abide by State standards, and provide relevant training to the employees.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018, and the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council and amended on March 24, 2019, the employer shall contribute to social insurance plans covering basic pensions insurance, basic medical

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insurance, maternity insurance, work injury insurance and unemployment insurance. Employers who failed to promptly make social insurance contributions in full amount shall be ordered by the social insurance collection agency to make or supplement contributions within a prescribed time limit, 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 prescribed time limit, the relevant administrative authorities shall impose a fine ranging from one to three times the outstanding amount.

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

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council and was last amended on March 24, 2019, enterprises in the PRC must register with the competent managing center for housing provident fund and upon the examination by such center, these enterprises shall complete procedures for opening an account at the bank for the deposit of employees’ housing provident fund. Enterprises are also required to pay and deposit housing provident funds on behalf of their employees in full and in a timely manner. If an employer does not register the contribution of the housing provident fund or does not establish housing provident fund account for its employees, the housing provident fund management center shall order it to be handled within a prescribed period. Employers who fail to make up the procedures within the prescribed period shall be given a fine of RMB10,000 to RMB50,000. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed period; where the payment and deposit have not been made after the expiration of the prescribed period, an application may be made to a people’s court for compulsory enforcement.

Despatched Workers

According to the Interim Provisions on Labour Despatch (《勞務派遣暫行規定》) issued on January 24, 2014 and implemented on March 1, 2014 by the Ministry of Human Resources and Social Security, employers may only use despatched workers for temporary, ancillary or substitute positions. According to the Interim Provisions on Labour Despatch, the employers should strictly control the number of despatched workers, and the number of the despatched workers shall not exceed 10% of the total amount of their employees (including the aggregate number of employees and despatched workers).

Pursuant to the Interim Provision on Labour Despatch, the Labour Contract Law of the PRC and the Implementation Rules for the Labour Contract Law of the PRC, employers failing to comply with the relevant labour dispatch requirements shall be ordered by labour administrative authorities to rectify the non-compliance within a specified period. Failure to rectify within the stipulated period may result in a penalty of RMB5,000 to RMB10,000 per person.

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REGULATIONS ON TAXATION

Enterprise Income Tax

On March 16, 2007, the NPC promulgated 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 last amended on December 29, 2018. On December 6, 2007, the State Council enacted the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which became effective on January 1, 2008 and last amended on December 6, 2024. Under the EIT Law and its implementation regulations, both resident enterprises and non-resident enterprises are subject to tax in China. Resident enterprises are subject to a uniform corporate income tax rate of 25%. According to the EIT Law, the EIT tax rate of a high and new technology enterprise is 15%.

Value-added Tax

On December 25, 2024, the SCNPC published the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) (the “**VAT Law**”), which will come into effect on January 1, 2026. According to the VAT Law, entities and individuals selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC shall pay VAT.

Dividend Distribution

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) promulgated by the SCNPC on September 10, 1980 and last amended on August 31, 2018, and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) promulgated by the SCNPC on January 28, 1994 and last amended on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a uniform rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

According to the EIT Law and the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC since January 1, 2008, an enterprise income tax rate of 10% shall normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless the jurisdiction in which such non-PRC resident investors are incorporated has a tax treaty with the PRC that provides for a preferential withholding arrangement. According to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by the PRC Resident Enterprises to H Share Holders Which Are

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

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (“**the Arrangement**”), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including resident individuals and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the PRC-resident enterprise. The Fifth Protocol of the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement.

The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

REGULATIONS ON FOREIGN EXCHANGE

According to the Foreign Exchange Administration Rules of the PRC (《中華人民共和國外匯管理條例》) which were promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008, the current account incomes of foreign exchanges can be retained or sold to financial authorities which manage exchange settlement and sale and purchase of foreign exchange. However, approval from the SAFE or its local branches is required for the relevant capital account transactions of the foreign invested enterprises, such as the capital increase and decrease. Foreign invested enterprises may purchase foreign exchange without the approval of the SAFE for trade and service-related foreign exchange transactions by providing documents evidencing such transactions. In addition, foreign exchange transactions involving direct investment, loans and investment in securities outside the PRC are subject to limitations and require approvals from the SAFE.

According to the Circular of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated on June 9, 2016, the settlement of foreign exchange under the

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capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks for real business needs. The use of foreign exchange under capital accounts of a domestic institution and the RMB funds obtained thereby from foreign exchange settlement are prohibited from the following uses: (i) direct or indirect expenditure beyond the enterprise’s business scope or expenditure prohibited by laws and regulations of the State; (ii) direct or indirect investments in securities or other investments than banks’ principal-secured products, unless otherwise provided; (iii) granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

REGULATIONS ON OVERSEAS LISTING

Overseas Securities Offering and Listings

On February 17, 2023, the CSRC issued the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”), and five supporting guidelines, which became effective on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, companies in Chinese Mainland that directly or indirectly offer or list their securities in an overseas market, including a company in Chinese Mainland limited by shares and an offshore company whose main business operations are in Chinese Mainland and intends to offer shares or be listed in an overseas market based on its equities, assets or similar interests in Chinese Mainland are required to file with the CSRC within three business days after submitting their listing application documents to the regulator in the place of intended listing. Failure to complete the filing under the Overseas Listing Trial Measures or conceals any material fact or falsifies any major content in its filing documents may subject the company to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, direct officers-in-charge and other direct personnel-in-charge may also be subject to administrative penalties, such as warnings and fines. The Overseas Listing Trial Measures also provide that a company in Chinese Mainland must file with the CSRC within three business days for its follow on offering of securities after it is listed in an overseas market.

Confidentiality and Archives Administration

On February 24, 2023, the CSRC, together with other relevant government authorities, released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Confidentiality and Archives Provisions**”), which took effect on March 31, 2023. Pursuant to the Confidentiality and Archives Provisions, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that

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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 laws and regulations.

Full Circulation of H Shares

“Full Circulation” represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, CSRC announced the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》 (“**Guidelines for the ‘Full Circulation’**”)), which were amended on August 10, 2023. As regulated in the Guidelines for “Full Circulation,” shareholders of domestic unlisted shares have the flexibility to jointly decide the amount and proportion of shares that will be included in the circulation application. This decision should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Meanwhile, the H-share listed company corresponding to these shares may be authorized to file for “full circulation” with the CSRC. An unlisted domestic joint stock company may file with the CSRC for “full circulation” at the time of its initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Pursuant to the Trial Administrative Measures, which came into effect on March 31, 2023, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC. Additionally, they are required to authorize the domestic company to submit the conversion application to the CSRC on their behalf.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of the H-share “Full Circulation” Business (the “**Measures for Implementation**”). The businesses of cross-border share transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc., in relation to the H-share “Full Circulation” business, are subject to these Measures for Implementation.

Regulations on Cybersecurity, Data Privacy and Protection

We collect and process certain data during our operations of business. The Cybersecurity Law of the People’s Republic of China (the “**Cybersecurity Law**,” 《中華人民共和國網絡安全法》), which was promulgated on November 7, 2016 and last amended on October 28, 2025 and came into effect on January 1, 2026, requires that when constructing and operating a network, or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cybersecurity incidents, to prevent criminal activities committed on the network, and to maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law emphasizes that any individuals and organizations that use networks must not endanger cybersecurity or use networks to engage in activities endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cybersecurity Law also reiterates certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. Any violation of the provisions and requirements under the

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Cybersecurity Law may subject an internet service provider to rectifications, warnings, fines, confiscation of illegal gains, revocation of business permits, cancellation of business license, closedown of websites or even criminal liabilities.

The Data Security Law of the People’s Republic of China (the “**Data Security Law**,” 《中華人民共和國數據安全法》) was passed on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permits or even criminal liabilities.

The Personal Information Protection Law of the PRC (the “**Personal Information Protection Law**,” 《中華人民共和國個人信息保護法》) was promulgated on August 20, 2021 and came into effect on November 1, 2021. Instead of relying solely on “notification and consent” as established in the Cybersecurity Law, the Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual’s consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect a natural person’s life, health and property safety under emergency circumstances; (v) the personal information that has been made public is processed within a reasonable scope in accordance with the Personal Information Protection Law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. Any violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses, inclusion in relevant credit record, or even criminal liabilities.

On December 28, 2021, thirteen PRC governmental and regulatory agencies, including the CAC, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was published on January 4, 2022, and came into effect on February 15, 2022. The Measures for Cybersecurity Review specifies that the procurement of network products and services by critical information infrastructure operators and the activities of data processing carried out by online platform operators, that raise or may raise “national security” concerns are subject to strict cybersecurity review by the Office of Cybersecurity Review established by the CAC. Before the critical information infrastructure operator procures network products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give rise to national security concerns, it should apply for a cybersecurity review by the Cybersecurity Review Office and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, an online platform operator that possesses the personal information of more than one million users must apply for a cybersecurity review by the Cybersecurity Review Office, if it plans on listing companies in foreign countries. The Cybersecurity Review Office may initiate a cybersecurity review if any network products and services, activities of data processing or overseas listing of companies affects or may affect national security. Pursuant to the Measures for Cybersecurity

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Review, any violation shall be punished in accordance with the Cybersecurity Law and the Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of our non-compliant operations.

On September 24, 2024, the State Council promulgated the Regulations on Cyber Data Security Management, which came into force on January 1, 2025. This regulation clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform service providers.

OVERVIEW OF THE LAWS AND REGULATIONS RELATING TO OUR BUSINESS AND OPERATIONS IN HONG KONG

This section sets out a summary of the principal laws and regulations applicable to our business operations in Hong Kong. There is no specific statutory requirement for our subsidiaries in Hong Kong to obtain any licence to carry out our business in Hong Kong other than the requirement to have a business registration certificate under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong). Our Group does not import in or into or export from Hong Kong any prohibited articles under the Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong).

Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) (the “SGO”)

The SGO governs the formation, performance and remedies of contract for the sale of goods in Hong Kong and the transfer of title of goods sold. SGO also sets out certain implied terms or conditions and warranties generally relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including:

- (i) where there is a contract for the sale of goods by description, the goods shall correspond with the description;
- (ii) where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (a) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (b) of such standard of appearance and finish; (c) as free from defects (including minor defects); (d) as safe; and (e) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all the other relevant circumstances;
- (iii) where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose; and
- (iv) where there is a contract for sale by sample, (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Under section 55 of the SGO, where there is a breach of warranty by the seller, the buyer is not, by reason only of such breach of warranty, entitled to reject the goods, but he may set up against the seller the breach of warranty in diminution or extinction of the price, or maintain an action against the seller for damages for the breach of warranty.

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Transfer Pricing

As our Hong Kong subsidiaries have conducted transactions with group companies located in different jurisdictions, we are subject to the laws and regulations on transfer pricing in Hong Kong. Section 20A of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**IRO**”) gives the Inland Revenue Department of Hong Kong (the “**IRD**”) wide powers to collect tax due from non-residents. The IRD may also make transfer pricing adjustments by disallowing expenses incurred by Hong Kong residents under sections 16(1), 17(1)(b) and 17(1)(c) of the IRO and make additional assessments under section 60 of the IRO. The IRD may also challenge the entire arrangement under general anti-avoidance provisions according to sections 61 and 61A of the IRO. The Inland Revenue (Amendment) (No. 6) Ordinance 2018 (the “**Amendment Ordinance**”) codifies the transfer pricing principles in relation to how the pricing for the supply of goods and services between associated parties should be determined and implemented. Departmental Interpretation and Practice Notes Nos. 45, 46, 48, 58, 59 and 60 issued by the IRD set out its interpretations and practices in relation to transfer pricing and related issues. Pursuant to the Amendment Ordinance, a person who has a Hong Kong tax advantage if taxed on the basis of a non-arm’s length provision (the “**Advantaged Person**”) will have income adjusted upwards or loss adjusted downwards. Section 50AAF of the IRO stipulates that the Advantaged Person’s income or loss is to be computed as if arm’s length provision had been made or imposed instead of the actual provision. If the Advantaged Person fails to prove to the satisfaction of the assessor of the IRD that the person’s income or loss as stated in the person’s tax return is the arm’s length amount, the assessor of the IRD must estimate an amount as the arm’s length amount and, taking into account the estimated amount (a) make an assessment or additional assessment on the person; or (b) issue a computation of loss, or revise a computation of loss resulting in a smaller amount of computed loss, in respect of that person. The Amendment Ordinance introduces a mandatory “three-tiered” transfer pricing documentation requirement in Hong Kong consisting of (a) Master File; (b) Local File; and (c) Country-by-country Report. The Amendment Ordinance provides two types of exemptions to entities that engage in transactions with associated enterprises from preparing Master File and Local File. In terms of size-based business exemption thresholds, a Hong Kong taxpayer meeting any two of the following three size-based business exemption thresholds for an accounting period is exempted from preparing the Master File and Local File for that accounting period: (a) Total annual revenue not exceeding HK\$400 million; (b) Total value of assets not exceeding HK\$300 million; or (c) Average number of employees not exceeding 100. In terms of volume-based related party transactions exemption thresholds, the threshold per accounting period for transfer of property (whether movable or immovable but excluding financial assets and intangible assets) is HK\$220 million.

LAWS AND REGULATIONS RELATING TO BUSINESS OPERATIONS IN TAIWAN

Regulations on product quality and consumer protection

Product quality and consumer protection in Taiwan are primarily governed by the Consumer Protection Act and other relevant laws and regulations. Under the Consumer Protection Act, manufacturers, importers and suppliers are required to ensure that products supplied to consumers are reasonably safe under normal or foreseeable use and do not pose undue risks to personal safety or property. Where products are found to be defective or unsafe, the relevant responsible parties may be required to bear civil liabilities, including compensation for damages.

Certain categories of products may also be subject to mandatory inspection, testing or compliance with prescribed technical or safety standards. Failure to comply with the applicable requirements may result in administrative penalties, product recalls, suspension of sales or other regulatory actions.

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Regulations on procurement

When Chinese Mainland enterprises procure goods, technology or services from suppliers in Taiwan, the relevant transactions are generally subject to applicable Taiwan laws and regulations. Depending on the nature of the relevant transaction, the counterparties may be required to complete certain licensing, filing, declaration or other administrative procedures in accordance with applicable requirements.

In addition, certain products, technology or payment arrangements may be subject to further regulatory or administrative requirements under applicable Taiwan laws and regulations.

Regulations on mergers and acquisitions

Mergers and acquisitions by Chinese Mainland enterprises in Taiwan are governed by a regulatory framework primarily centered on investment-related regulations in Taiwan. The Department of Investment Review (the “**Investment Commission**”) under the Ministry of Economic Affairs of Taiwan is the primary body responsible for reviewing Chinese Mainland investments. Pursuant to the investment-related regulations of Taiwan, investments in Taiwan by enterprises or individuals from the Chinese Mainland, whether directly or indirectly, including the establishment of companies, acquisition of equity interests, or mergers and acquisitions involving local Taiwan enterprises, are subject to prior approval or filing with the Investment Commission, and are subject to restrictions on investment scope, shareholding structure, and business activities.

Where Chinese Mainland enterprises and individuals engage in business activities in connection with their investments in Taiwan, such activities may involve unauthorized business operations in breach of the related investment regulations. The term unauthorized refers to the failure to obtain prior permission which is required for any profit-seeking enterprise from the Chinese Mainland or those invested by Chinese Mainland entities in a third region. This lack of authorization occurs when an entity bypasses the mandatory investment review process. Within this legal framework, business operations are broadly defined as any conduct related to profit-seeking or commercial engagement in Taiwan, including activities such as engaging in business negotiations, issuing quotes or signing contracts, soliciting customers, interviewing talent, or providing after-sales services. Such breaches may result in regulatory actions, including orders to rectify, suspension or termination of the investment, disposal of relevant interests, administrative penalties, or criminal liabilities. For the most serious breaches, the statutory limitation period for the Taiwan authorities to prosecute or conclude legal proceedings can reach 20 years. Under current Taiwanese laws, should Chinese Mainland enterprises or individuals fail to appear before the Taiwan court, the maximum potential liabilities consist of detention for not more than 60 days and a fine of not more than NT\$15 million.