

REGULATORY OVERVIEW

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

Industry Policies and Regulatory Requirements

According to the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) issued by the Central Committee of the Communist Party of China and the State Council on September 22, 2021 and came into effect on the same date, the PRC will accelerate the development of strategic emerging industries such as new energy, new materials, new energy vehicles and environmental protection. It will implement measures to substitute fossil fuels with renewable energy, such as vigorously developing wind energy, solar energy, biomass energy, ocean energy, geothermal energy and others, to continuously increase the proportion of non-fossil energy in total energy consumption. It will also accelerate the advancement of new energy storage technologies such as pumped hydro storage, accelerate the development of new energy and clean energy vehicles and vessels, promote smart transportation, and accelerate the construction of a convenient and efficient battery charging and swapping network system.

According to the 14th Five-Year Renewable Energy Development Plan (《“十四五”可再生能源發展規劃》) jointly promulgated by nine departments including the NDRC, and the NEA on October 21, 2021 and which came into effect on the same day, the PRC will redouble efforts to make breakthroughs in frontier and core technologies for renewable energy and equipment, research, develop and reserve high-energy-density energy storage technologies such as sodium-ion batteries, liquid metal batteries, solid lithium-ion batteries, metal-air batteries and lithium-sulfur batteries, establish the independent market status of new energy storage and improve the trading mechanisms and technical standards for energy storage to participate in various power markets, leverage the multiple functions of energy storage in peak shaving and frequency regulation, emergency backup and capacity support, among others, as well as promote the applications of energy storage across multiple scenarios on the power generation side, power grid side and user side.

According to the Implementation Plan for the Development of New-Type Energy Storage during the 14th Five-Year Plan Period (《“十四五”新型儲能發展實施方案》) jointly promulgated by the NDRC and the NEA on January 29, 2022 and effective on the same day, by 2030, new-type energy storage will be developed on a fully market-oriented basis and will achieve deep integration with various segments of the power system. It will broadly meet the requirements for building a new type of power system and provide comprehensive support for the energy sector to achieve its carbon peaking targets on schedule.

According to the Guiding Opinions on Promoting the Development of the Energy Electronics Industry (《關於推動能源電子產業發展的指導意見》), which was promulgated by six departments including the MIIT and the NEA on January 3, 2023 and came into effect on the same day, the PRC will strengthen technical research on the industrialization of new energy storage batteries, promote the large-scale application of advanced energy storage technologies and products, research and make breakthroughs in key technologies such as battery systems with ultra-long life cycle and high safety, efficient energy storage with large scale and capacity, and vehicle mobile energy storage, accelerate the research and development of solid-state batteries, sodium-ion batteries, hydrogen energy storage/fuel cells and other new types of batteries. It will also improve the ability to guarantee key resources such as lithium, nickel, cobalt and platinum, strengthen the development and application of alternative materials, promote hybrid energy storage systems based on complementary power and energy-based electrochemical energy storage technologies, support the establishment of a full life cycle traceability management platform for lithium batteries and others, conduct research on the accounting standards and methods for carbon footprint of batteries, and explore the establishment of a carbon emission management system for battery products.

According to the Announcement on Continuing and Optimizing the Vehicle Purchase Tax Reduction and Exemption Policies for New Energy Vehicles (《關於延續和優化新能源汽車車輛購置稅減免政策的公告》) jointly promulgated by the MOF, the SAT and the MIIT on June 20, 2023, the vehicle purchase tax reduction and exemption policies for new energy vehicles shall be extended. New energy vehicles

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listed in the Catalogue of New Energy Vehicle Models Subject to Exemption and Reduction of Vehicle Purchase Tax (《車輛購置稅的新能源汽車車型目錄》) (the “Catalogue”) with a purchase date falling between January 1, 2024 and December 31, 2025 are exempted from the vehicle purchase tax; new energy vehicles listed in the Catalogue with a purchase date falling between January 1, 2026 and December 31, 2027 have been and will be subject to a 50% reduction in the vehicle purchase tax.

According to the Guiding Catalog for Industrial Restructuring (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which was amended by the NDRC on December 27, 2023 and came into effect on February 1, 2024, the following are classified as state-encouraged industries: new-type lithium primary batteries (lithium iron disulfide and lithium thionyl chloride, among others); lithium-ion batteries, semi-solid-state lithium-ion batteries, fuel cells, sodium-ion batteries, flow batteries, new-structure (bipolar, lead mesh horizontal, coiled, tubular, and other) sealed lead-acid batteries, lead-carbon batteries, next-generation hydrogen fuel cells, electrochemical energy storage and other new batteries and new-type power system technologies.

According to the Implementation Plan for the Establishing a the Carbon Footprint Management System (《關於建立碳足跡管理體系的實施方案》), which was promulgated by 15 departments including the Ministry of Ecology and Environment of the PRC, the NDRC and the Ministry of Science and Technology on June 4, 2024 and came into effect on the same day, it will focus on key products such as power generation, lithium-ion batteries, new energy vehicles, photovoltaics, and electronic and electrical appliances to formulate and publish accounting rules and standards. It will strive to promote the formulation of international carbon footprint standards for products in the fields of lithium-ion batteries, photovoltaics, new energy vehicles, and electronic and electrical appliances.

According to the Standard Conditions for the Lithium-ion Battery Industry (2024 Version) (《鋰離子電池行業規範條件(2024年本)》), which were promulgated by the MIIT on June 19, 2024, it is explicitly stated that the State encourages and guides technological advancement in the lithium-ion battery industry. Entreprises should adopt technologically advanced, energy-saving and environmentally friendly, safe and stable, and highly intelligent production processes and equipment, and encourages technological innovation and the improvement of product quality.

According to the Notice on Deepening the Market-oriented Reform of New Energy On-grid Tariffs and Promoting the High-quality Development of New Energy (《關於深化新能源上網電價市場化改革、促進新能源高質量發展的通知》), which was promulgated by the NDRC and the National Energy Administration on January 27, 2025 and came into effect on the same day, all on-grid electricity of new energy projects shall, in principle, enter the electricity market, and on-grid tariffs shall be formed through market transactions. Synergy between reform and environmental optimization shall be strengthened, improper interventions in the electricity market shall be resolutely rectified, no unreasonable costs shall be apportioned to new energy projects, and the deployment of energy storage shall not be imposed as a prerequisite for the approval, grid connection, or on-grid operation of newly built new energy projects.

According to the Action Plan on Improving the Recycling and Utilization System of Power Batteries for New Energy Vehicles (《健全新能源汽車動力電池回收利用體系行動方案》), which was considered and approved at the executive meeting of the State Council on February 21, 2025, the plan focuses on the establishment of a standardized, safe and efficient recycling and utilization system, and proposes to enhance the monitoring of the entire life cycle of power batteries through digital technology, enabling the traceability throughout the entire process of production, sales, dismantling and utilization, and implements full-process tracking by leveraging on the “Integrated Management Platform for National Monitoring of New Energy Vehicles and Traceability of Power Storage Battery Recycling and Utilization (新能源汽車國家監測與動力蓄電池回收利用溯源綜合管理平台)”.

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According to the Safety Requirements for Traction Batteries for Electric Vehicles (《電動汽車用動力蓄電池安全要求》) (GB 38031-2025), which were promulgated by the MIIT on March 28, 2025 and came into effect on July 1, 2026, GB 38031-2025 is a mandatory national standard for the safety requirements of traction batteries for electric vehicles. This revision further specifies technical requirements such as the temperature requirements, energization and energized state, observation time, and vehicle testing conditions for the batteries under test. The implementation of the new national standard in 2025 will comprehensively elevate the safety standards of power batteries, thereby accelerating the widespread adoption of high-safety and high-performance batteries.

According to the Special Action Plan for the Large-scale Development of New Energy Storage (2025-2027) (《新型儲能規模化建設專項行動方案(2025-2027年)》), which was jointly promulgated by the NDRC and the NEA on August 27, 2025 and came into effect on the same day, new energy storage will basically achieve large-scale and market-oriented development by 2027, with technological innovation and equipment manufacturing capabilities remaining among the global leaders. The national installed capacity of new energy storage will reach 180GW, driving direct project investments of approximately RMB250 billion. Lithium-ion battery storage remains the primary technological route, while various technological routes and application scenarios will be further diversified.

According to the Implementation Rules for the 2026 Automobile Trade-in Subsidy (《2026年汽車以舊換新補貼實施細則》) jointly promulgated by nine departments including the MOFCOM on December 30, 2025, with effect from January 1, 2026, a maximum subsidy of RMB20,000 will be granted to individual consumers who scrap fuel passenger vehicles with National III or below emission standards or new energy passenger vehicles registered before December 31, 2018, and purchase new energy passenger vehicles included in the Catalogue of New Energy Vehicle Models Eligible for Vehicle Purchase Tax Reduction and Exemption (《減免車輛購置稅的新能源汽車車型目錄》) of the Ministry of Industry and Information Technology; and a maximum subsidy of RMB15,000 will be granted to individual consumers who trade in for eligible new energy passenger vehicles.

According to the Notice on Improving the Capacity Tariff Mechanism on Generation Side (《關於完善發電側容量電價機制的通知》), which was promulgated by the NDRC and the NEA on January 27, 2026 and came into effect on the same day, local authorities may grant capacity tariffs to independent new energy storage stations on grid-side that serve the safe operation of power system and do not participate in paired energy storage. The capacity tariff level shall be based on the local coal-fired power capacity tariff standard, converted at a certain proportion based on the peaking capability (the conversion proportion shall be the full-power continuous discharge duration divided by the longest continuous duration of the net load peak throughout the year, capped at a maximum of one), and taking into consideration factors such as the progress of the power market construction and the demand of the power system.

According to the Outline of the 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十五個五年規劃綱要》) promulgated by the National People's Congress on March 13, 2026, China shall accelerate the development of strategic emerging industries including next-generation information technology, new energy, new materials, intelligent connected new energy vehicles, robots, biomedicine, high-end equipment, aerospace and other such industries. China shall develop distinctive and complementary industrial clusters of strategic emerging industries in light of local conditions, and strive to foster a number of emerging pillar industries with strong growth potential, high technological content and extensive penetration across sectors.

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Laws and regulations on production safety, environmental protection, land, construction, fire protection and energy conservation review

Production safety

According to the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) (the “Production Safety Law”), which was amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, and strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of production, and an order to suspend business for rectification, depending on the circumstances of the violation, and criminal liability will be pursued in accordance with the law if the violation constitutes a crime.

According to the Mine Safety Law of the People’s Republic of China (《中華人民共和國礦山安全法》), which was amended by the SCNPC on August 27, 2009 and came into effect on the same day, mining enterprises must have facilities to ensure production safety, establish and improve safety management systems, and take effective measures to improve working conditions of employees, strengthen mine safety management, and ensure safe production. The safety facilities of mine construction projects must be designed, constructed, put into production and use simultaneously with the main project; the conditions for safe production must be met in mining operations, and mine safety regulations and industry specifications for mining different types of minerals must be in place; mining enterprises must establish and improve the responsibility system for safety production.

According to the provisions of the Implementation Measures for the Safe Production License of Non-Coal Mine Enterprises (《非煤礦礦山企業安全生產許可證實施辦法》), which were amended by the former State Administration of Work Safety on May 26, 2015 and came into effect on July 1, 2015, non-coal mine enterprises must obtain a safe production license in accordance with the provisions of these implementation measures. Enterprises that fail to obtain a safe production license shall not engage in production activities. In addition to the general requirements for production safety, for newly built, reconstructed or expanded construction projects, according to the Measures for the Supervision and Administration of “Three Simultaneities” for the Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》), the “**Construction Projects Safety Facilities Measures**”), which were amended by the former State Administration of Work Safety on April 2, 2015 and came into effect on May 1, 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed, put into production and put into use simultaneously with the main project. For the construction projects specially set forth in the Construction Projects Safety Facilities Measures, comprehensive research pre-assessment on the conditions for safe production of the construction projects shall be conducted by a qualified safety assessment body. If an enterprise violates the relevant requirements, it may be ordered to rectify within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and may also be subject to a fine.

Environmental protection

According to the Ecological and Environmental Code of the People’s Republic of China (《中華人民共和國生態環境法典》) (the “Ecological and Environmental Code”), which was promulgated by the National People’s Congress on March 12, 2026 and came into effect on August 15, 2026, the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the People’s Republic of China (《中華人民共和國環境影響評價法》), the Marine Environmental Protection Law of the People’s Republic of China (《中華人民共和國海洋環境保護法》), the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People’s Republic of China

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on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People’s Republic of China on the Prevention and Control of Soil Pollution (《中華人民共和國土壤污染防治法》), the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), the Law of the People’s Republic of China on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》), the Law of the People’s Republic of China on the Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》) and the Cleaner Production Promotion Law of the People’s Republic of China (《中華人民共和國清潔生產促進法》) were repealed on the same date.

The Ecological and Environmental Code is comprised of General Provisions, Pollution Prevention and Control, Ecological Protection, Green and Low-Carbon Development, Legal Liability and Supplementary Provisions, and covers, among others, matters relating to ecological and environmental impact assessment, prevention and control of atmospheric pollution, prevention and control of water pollution and prevention and control of solid waste pollution. After the Ecological and Environmental Code came into effect, the State continues to implement the ecological and environmental impact assessment system and the pollutant discharge permit system. Where an enterprise violates the ecological and environmental impact assessment system, it may be ordered to suspend construction, restore the site to its original condition and may be subject to fines. Where an enterprise violates the pollutant discharge permit system, it may be ordered to restrict production, suspend operations for rectification, cease operations and close down, and in serious cases the matter may be transferred to the public security authority.

According to the Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which were amended by the State Council on July 16, 2017 and came into effect 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 were promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same date, the PRC implements an environmental impact assessment system for construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to commencement of construction, or complete and file an environmental impact registration form for record-filing in accordance with the requirements of the competent administrative department of environmental protection under the State Council. In addition, after 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. The construction project may only be put into production or use after the supporting environmental protection facilities have passed the acceptance inspection.

According to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), which were promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, and the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》), which were promulgated by the Ministry of Ecology and Environment on April 1, 2024 and came into effect on July 1, 2024, the State implements classified management of pollutant discharge permits (i.e., key management and simplified management) based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Enterprises, institutions and other production and operation units included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

Land, Planning and Construction

According to the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法》), which was amended by the SCNPC on August 26, 2019 and came into effect on January 1, 2020, the administration, protection, and utilization of land within the PRC shall comply with the relevant

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provisions of such law. The State implements a system of control over land use. The State formulates overall plans for land utilization to determine the purposes of land use, classifying land into agricultural land, construction land, and unused land. Units and individuals using land must strictly use the land in accordance with the purposes determined by the overall plans for land utilization. The competent department of natural resources under the State Council shall be uniformly responsible for the administration and supervision of land nationwide.

According to the Urban and Rural Planning Law of the People’s Republic of China (《中華人民共和國城鄉規劃法》), which was amended by the SCNPC on April 23, 2019 and came into effect on the same date, the formulation and implementation of urban and rural planning within the PRC, as well as the construction activities carried out within the planning areas, shall comply with such law and relevant provisions. Cities and towns shall formulate urban and town planning in accordance with such law, and construction activities within the urban and town planning areas shall comply with the planning requirements. Any entity or individual shall abide by the urban and rural planning which has been legally approved and published, submit to planning administration, and shall have the right to inquire with the competent urban and rural planning departments as to whether the construction activities involving their interests comply with the planning requirements.

According to the Construction Law of the People’s Republic of China (《中華人民共和國建築法》), which was amended by the SCNPC on April 23, 2019 and came into effect on the same date, engaging in construction activities and implementing supervision and administration over construction activities within the PRC shall comply with this Law and relevant regulations. Construction activities shall ensure the quality and safety of construction projects and conform to the national safety standards for construction projects, and the competent construction administrative department of the State Council exercises unified supervision and administration over construction activities nationwide.

Fire Protection

According to the Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》), which was amended by the SCNPC on April 29, 2021 and came into effect on the same day, the emergency management department of the State Council and the emergency management departments of the local people’s governments at or above the county level shall exercise supervision and administration over fire protection work. The fire protection design and construction must comply with the national fire protection technical standards for engineering construction.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), which was revised by the Ministry of Housing and Urban-Rural Development of the PRC on August 21, 2023 and came into effect on October 30, 2023, special construction projects shall be subject to fire protection design review and acceptance. For other construction projects apart from special construction projects, the fire protection acceptance of such construction projects shall be filed with the competent authorities for the record.

Energy Conservation Examination

According to the Energy Conservation Law of the People’s Republic of China (《中華人民共和國節約能源法》), which was amended by the SCNPC on October 26, 2018 and came into effect on the same date, the State implements an energy conservation assessment and examination system for fixed asset investment projects. For projects that fail to meet the mandatory energy conservation standards, the construction unit shall not commence construction; for projects that have already been completed, they shall not be put into production or use. Where a government investment project fails to meet the mandatory energy conservation standards, the authority responsible for project approval in accordance with the law shall not approve its construction. The specific measures shall be formulated by the department in charge of energy conservation administration under the State Council in conjunction with relevant departments of the State Council.

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According to the Measures for Energy Conservation Review and Carbon Emission Assessment of Fixed-Asset Investment Projects (《固定資產投資項目節能審查和碳排放評價辦法》), which was formulated by the NDRC on July 17, 2025 and came into effect on September 1, 2025, for government investment projects, the construction unit is required to obtain the energy conservation review opinion issued by the energy conservation review authority prior to the submission of the project feasibility study report. For enterprise investment projects, the construction unit is required to obtain the energy conservation review opinion issued by the energy conservation review authority prior to the commencement of construction. For projects that have not undergone an energy conservation review in accordance with the provisions of these Measures, or projects that have failed to pass the energy conservation review, the construction unit shall not commence construction, and those already constructed shall not be put into production or use.

Laws and regulations on hazardous chemicals and precursor chemicals

Production

According to the provisions of the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), which were amended by the State Council on December 7, 2013 and came into effect on the same day, no entity or individual may engage in the production, storage, use, operation, transportation and other business activities of hazardous chemicals without approval. An enterprise that stores hazardous chemicals shall set up prominent signs on its hazardous chemical transportation pipeline, conduct regular inspections and tests on the pipeline, and set up prominent safety warning signs on its workplaces, safety facilities and equipment. In addition, the enterprise shall also equip itself with corresponding safety facilities and equipment based on the types and hazard characteristics of hazardous chemicals and in accordance with relevant national and industry standards, and regularly repair and maintain them. An entity that stores highly toxic chemicals or hazardous chemicals constituting a major hazard source in quantity shall report the storage quantity, location and management personnel to the work safety supervision and administration department and the public security agency of the county-level local people's government. Meantime, any enterprise that engages in the production of hazardous chemicals listed in the Catalog of Hazardous Chemicals (《危險化學品目錄》) shall obtain a work safety permit for hazardous chemicals in accordance with the Regulation on Work Safety Permits (《安全生產許可證條例》) before starting production.

According to the Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》) promulgated by the former State Administration of Work Safety on July 1, 2012 and came into effect on August 1, 2012, enterprises engaged in the production and import of any chemicals listed in the Catalog of Hazardous Chemicals must register with the competent work safety supervision department prior to the inspection and acceptance of completed projects or the first importation activity. The hazardous chemicals registration certificate shall be valid for three years and the enterprise may apply for renewal within the three months prior to expiry.

According to the Implementation Measures for the Safe Production Permit of Hazardous Chemical Production Enterprises (《危險化學品生產企業安全生產許可證實施辦法》), which were amended by the former State Administration of Work Safety on March 16, 2017 and came into effect on the same day, hazardous chemical production enterprises refer to enterprises that are lawfully established and have obtained the business license or industrial and commercial approval documents to engage in the production of final products or intermediate products listed in the Catalog of Hazardous Chemicals (《危險化學品目錄》). Hazardous chemical production enterprises shall obtain the Safe Production Permit. Any enterprise that fails to obtain the Safe Production Permit shall not engage in any relevant production activities.

According to the Measures for the Safety Supervision and Administration of Hazardous Chemicals Construction Projects (《危險化學品建設項目安全監督管理辦法》), which were amended by the former State Administration of Work Safety on May 27, 2015 and came into effect on July 1, 2015, newly constructed, reconstructed, and expanded construction projects for the production and storage of hazardous chemicals within the PRC, as well as chemical construction projects involving the generation of hazardous chemicals (including construction projects of long-distance pipelines for hazardous

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chemicals), shall be subject to safety reviews, namely the review of safety conditions and the review of the design of safety facilities. Construction projects shall not commence construction or be put into production (use) without undergoing the safety reviews and the inspection and acceptance of safety facilities upon completion.

Operation

According to the Measures for the Administration of Operating Licenses for Hazardous Chemicals (《危險化學品經營許可證管理辦法》), which were amended by the former State Administration of Work Safety on May 27, 2015 and came into effect on July 1, 2015, the State implements a licensing system for the operation (including warehousing operations) of hazardous chemicals listed in the Catalog of Hazardous Chemicals (《危險化學品目錄》) within the PRC. Enterprises engaging in the relevant operations of hazardous chemicals shall obtain a hazardous chemical operating license in accordance with such measures. However, hazardous chemical production enterprises that have legally obtained a hazardous chemical safe production license are exempt from obtaining a hazardous chemical operating license when selling hazardous chemicals produced by themselves within their plant areas. Any party engaging in the operation of hazardous chemicals without obtaining an operating license shall be penalized in accordance with the provisions of the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) regarding the unauthorized production, operation, and storage of dangerous articles without a license. Where such conduct constitute a criminal offense, criminal liability shall be pursued in accordance with the law.

According to the Regulations on the Administration of Precursor Chemicals (《易制毒化學品管理條例》), which were amended by the State Council on September 18, 2018 and came into effect on the same day, and the Measures for the Licensing of Production and Operation of Non-pharmaceutical Precursor Chemicals (《非藥品類易制毒化學品生產、經營許可辦法》) promulgated by the former State Administration of Work Safety on April 5, 2006 and effective on April 15, 2006, precursor chemicals are classified into three categories. Category I refers to the major raw materials that may be used to produce drugs, while Category II and Category III refer to the chemical agents that may be used to produce drugs. The State implements a licensing system for the production and operation of non-pharmaceutical precursor chemicals. The production and operation of Category I non-pharmaceutical precursor chemicals are subject to license management, and the production and operation of Category II and Category III precursor chemicals are subject to record-filing certificate management.

According to the Administrative Measures for the Public Security Management of Explosive Precursor Hazardous Chemicals (《易制爆危險化學品治安管理辦法》), which were promulgated by the Ministry of Public Security on July 6, 2019 and came into effect on August 10, 2019, enterprises that have obtained a hazardous chemical business license in accordance with laws shall purchase explosive precursor hazardous chemicals upon presentation of such license. Purchasers of explosive precursor hazardous chemicals shall, within five days after the purchase, report the information on the varieties, quantities and flow of the explosive precursor hazardous chemicals purchased to the local public security authority at the county level for record-filing via the explosive precursor hazardous chemicals information system.

Laws and regulations on mineral resources

According to the Mineral Resources Law of the People’s Republic of China (《中華人民共和國礦產資源法》), which was amended by the SCNPC on November 8, 2024 and came into effect on July 1, 2025, and the Regulations for the Implementation of the Mineral Resources Law of the People’s Republic of China (《中華人民共和國礦產資源法實施條例》) promulgated by the State Council on May 15, 2026 and implemented on June 15, 2026, mineral resources are owned by the State. Unless otherwise provided, exploration rights and mining rights shall be obtained respectively in accordance with the law for the exploration and mining of mineral resources.

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Laws and regulations on product quality

According to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), which was amended by the SCNPC on December 29, 2018 and came into effect on the same day, the market supervision and administration department of the State Council is responsible for the nationwide supervision of product quality. Producers are prohibited from producing or selling products that do not meet the standards and requirements for safeguarding human health and personal and property safety. Products shall not contain any unreasonable danger threatening personal and property safety. Where any defective product causes personal injury or damage to the property of others, the injured party may claim compensation from either the producer or the seller of such product. The producers and sellers of unqualified products may be ordered to cease the production and sales thereof, and may be subject to the confiscation of such products and/or fines. Any illegal gains shall be concurrently confiscated and in serious circumstances, their business licenses may be revoked.

Laws and regulations on import and export of goods

According to the Customs Law of the People’s Republic of China (《中華人民共和國海關法》), which was amended by the SCNPC on April 29, 2021 and came into effect on the same day, the Customs is a State authority responsible for supervision and administration of entry into and exit from the Customs territory. It is authorized to supervise the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collect customs duties and other taxes and fees, prevent and combat smuggling, compile customs statistics and handle other customs operations. Customs declaration entities refer to the consignees and consignors of imported and exported goods and customs declaration enterprises recorded with the Customs. Consignees or consignors of imported and exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Import and Export Commodity Inspection Law of the People’s Republic of China (《中華人民共和國進出口商品檢驗法》), which was amended by the SCNPC on April 29, 2021 and came into effect on the same day, and the Regulations for the Implementation of the Import and Export Commodity Inspection Law of the People’s Republic of China (《中華人民共和國進出口商品檢驗法實施條例》), which were amended by the State Council on March 29, 2022 and came into effect on May 1, 2022, the General Administration of Customs of the People’s Republic of China (the “**General Administration of Customs**”) is responsible for inspection of imported and exported commodities nationwide, and its subordinate entry-exit inspection and quarantine authorities shall conduct inspection on the imported and exported commodities listed in the catalog and other imported and exported commodities that shall be subject to the inspection by the entry-exit inspection and quarantine authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities shall conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported. Consignees or consignors of the imported and exported commodities may complete the inspection procedures themselves, or engage an agent to do this.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the People’s Republic of China (《中華人民共和國海關報關單位備案管理規定》), which were promulgated by the General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities refer to consignees or consignors of imports and exports and customs declaration enterprises recorded with the Customs pursuant to these provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain the market entity qualification; where consignees or consignors of imports and exports apply for such filing; they shall also complete filing formalities as foreign trade business operators and according to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》), which was issued by the Department of

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Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023 and came into effect on the same day, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

According to the Customs Duties Law of the People’s Republic of China (《中華人民共和國關稅法》), which was promulgated by the SCNPC on April 26, 2024 and came into effect on December 1, 2024, goods permitted to be imported or exported and articles entering the territory of the PRC shall be subject to customs duties levied by the Customs authorities in accordance with applicable laws and regulations. The consignees of imported goods, the consignors of exported goods and carriers or recipients of inbound articles shall be the duty payer. The tariff classification, applicable tariff rates and rules governing the application thereof, among others, shall be implemented in accordance with the Customs Import and Export Tariffs of the People’s Republic of China (《中華人民共和國進出口稅則》).

According to the Export Control Law of the People’s Republic of China (《中華人民共和國出口管制法》) (the “**Export Control Law**”), which was promulgated by the SCNPC on October 17, 2020 and came into effect on December 1, 2020, the Export Control Law established a comprehensive legal framework for the State’s control over the export of dual-use items, military products, nuclear and other services and items that are relevant to safeguarding national security and interests or the fulfillment of international obligations, such as non-proliferation. This law stipulates that the State’s export control authorities shall, together with other related departments, formulate and adjust the list of items subject to export control, pursuant to the provisions of the Export Control Law and other relevant laws and administrative regulations, export control policies and specified procedures, and promptly release the same, and the State’s export control authorities may, in light of the needs of protecting national security and interests and fulfilling non-proliferation and other international obligations, with the approval of the State Council or both the State Council and the Central Military Commission, impose temporary export control over goods, technologies and services which are not on the export control list, and make announcements thereof.

According to the Regulations of the People’s Republic of China on the Export Control of Dual-use Items (《中華人民共和國兩用物項出口管制條例》) (the “**Regulation on the Export Control of Dual-use Items**”), which were issued by the State Council on September 30, 2024 and came into effect on December 1, 2024, and the Export Control List of Dual-use Items of the People’s Republic of China (《中華人民共和國兩用物項出口管制清單》) (the “**Dual-use Item List**”), which was jointly promulgated by the MOFCOM, the MIIT, the General Administration of Customs and the State Cryptography Administration on November 15, 2024 and came into effect on December 1, 2024, the commerce department of the State Council shall, pursuant to the provisions of the Export Control Law and the Regulation on the Export Control of Dual-use Items, as well as the policies for the export control of dual-use items, formulate and adjust the export control list of dual-use items, in conjunction with relevant State departments under the prescribed procedures, and promptly release the same. If needed for maintaining national security and interests and fulfilling international obligations such as non-proliferation, with the approval of the State Council or both the State Council and the Central Military Commission, the commerce department of the State Council may impose temporary control over the export of goods, technologies, and services not included in such export control list of dual-use items, and make a public announcement. For the export of dual-use items specified in such export control list of dual-use items or subject to the above-mentioned temporary control, exporters shall apply to the commerce department of the State Council for licenses. The formulation of the Dual-use Item List was intended to systematically integrate the dual-use items that were already under control and establish a complete system and rules for the list, without adjustment to the specific control scope.

According to the Announcement on Adjusting and Promulgating the “Catalogue of Technologies Prohibited and Restricted from Export of China” (《關於調整頒佈<中國禁止出口限制出口技術目錄>的公告》), which was promulgated by the MOFCOM and the Ministry of Science and Technology on July

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15, 2025 and came into effect on the same day, the “preparation technology of battery cathode materials (No. 252604X)” has been newly added to the restricted export section, which includes the preparation technology of high-compaction lithium iron phosphate in the management of restricted export and subjects it to an export licensing system.

According to several policies (the “**October 9 Policies**”) jointly promulgated by the MOFCOM and the General Administration of Customs on October 9, 2025, export control measures were implemented on rare earths and other critical materials, such as super-hard materials and certain items related to lithium-ion batteries and artificial graphite anode materials, as well as certain equipment and raw materials for rare earths. Among the October 9 Policies, the Announcement on the Export Control of Certain Items Related to Lithium Batteries and Artificial Graphite Anode Materials (《公佈對鋰電池和人造石墨負極材料相關物項實施出口管制的決定》) (MOFCOM & General Administration of Customs Announcement [2025] No. 58) (the “**Announcement No. 58**”) imposes export control measures on certain items related to lithium batteries. The Announcement No. 58 was originally scheduled to take effect on November 8, 2025, while it has been further announced on November 7, 2025 that the implementation of the Announcement No. 58 would be suspended with immediate effect until November 10, 2026. The Announcement No. 58 lists certain lithium batteries and artificial graphite anode materials items which are subject to export control. Pursuant to the Announcement No. 58, an export business operator shall, for the export of such controlled items, apply for an export license of dual-use items and technologies from the competent commerce department of the State Council and complete the customs formalities in accordance with the Customs Law of the People’s Republic of China. Export business operators shall be responsible for the authenticity of the declared goods and shall enhance the identification of export items. If the items fall under controlled items, the declaration must be marked with “Subject to Dual-Use Items Control” in the remarks column of the customs declaration form, along with the corresponding dual-use item export control code(s).

Laws and regulations on overseas investment by domestic enterprises

Regulations of the National Development and Reform Commission on overseas investment by domestic enterprises

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which were promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the State implements classified management of approvals and filings for investment projects (including those in the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region) by a domestic enterprise (“**Investment Entity**”) directly or through its controlled overseas enterprises, by way of obtaining overseas ownership, control, operation and management rights, and other related rights and interests by means of investing in assets, interests or providing financing or guarantees. The aforementioned approval procedure shall apply to any sensitive projects carried out by the Investment Entity directly or through its controlled overseas enterprises, and the approval authority is the NDRC.

The scope of filing registration management is non-sensitive projects directly carried out by the Investment Entity, that is, non-sensitive projects involving the Investment Entity directly investing in assets, interests or providing financing and guarantees. Among them, if the Investment Entity is a centrally managed enterprise (including centrally managed financial enterprise, enterprises directly managed by the State Council or institutions under the State Council) or the Investment Entity is a local enterprise but the Chinese party’s investment amount reaches US\$300 million or more, the filing authority will be the NDRC, and if the Investment Entity is a local enterprise and the Chinese party’s investment amount is below US\$300 million, the filing authority will be the development and reform department of the provincial government governing the locality where the Investment Entity is registered. For projects that fall within the scope of management of approval and filing, the Investment Entity shall obtain the project approval document or filing notice before investing the assets and interests (except the early-stage expenses of the project for approval and filing) or providing financing or guarantees for the project itself or by the overseas enterprises under its control. If the Investment Entity fails to obtain the effective

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approval document or filing notice, the foreign exchange administration, customs and other relevant departments shall not handle the relevant formalities according to the law, and the financial enterprise shall not handle the relevant fund settlement and financing business according to the law.

The Investment Entity shall submit a project completion report form through the online system within 20 working days after the occurrence of any of the following: completion of the construction project, closing of the equity or assets transfer of the investment target, or completion of the Chinese party’s investment expenditure. In case an Investment Entity violates the Measures for the Administration of Overseas Investment of Enterprises, the approving and filing authorities shall have the right to adopt measures such as refusing to grant approval or accept filing, revoking the approval document or notification of filing, ordering the Investment Entity to suspend or stop the implementation of the project, adopting remedial measures, making corrections within a time limit, and giving warnings to the Investment Entity and the principal person in charge. Where such violation constitutes a crime, criminal liability will be pursued in accordance with the laws.

Regulations of the commerce department on overseas investment by domestic enterprises

According to the provisions of the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, if an enterprise legally established within the territory of the PRC owns a non-financial enterprise abroad or obtains the ownership, control, operation and management rights and other rights and interests of an existing non-financial enterprise through new establishment, M&A or other means, the MOFCOM and the provincial competent commerce departments shall be responsible for the approval and filing administration, depending on different circumstances of overseas investment by the enterprise. In particular, if an overseas investment involves countries that have not established diplomatic relations with the PRC, countries subject to the United Nations sanctions, industries involving the export of products and technologies restricted by the PRC, or industries that affect the interests of more than one country (region), the overseas investment shall be subject to approval administration. Overseas investment by the enterprise that falls under any other circumstances shall be subject to administration by filing registration. For an overseas investment subject to approval, the enterprise shall apply to the competent commerce department which shall seek the opinions of the embassy (consulate) (economic and commercial office) of the PRC in foreign countries. If the overseas investment is approved, the MOFCOM shall issue a written approval decision and the Enterprise Overseas Investment Certificate.

For an overseas investment subject to filing, the enterprise shall complete the Overseas Investment Filing Form, submit it to the competent commerce authority together with a copy of its business license, and obtain the Enterprise Overseas Investment Certificate from the competent commerce authority.

For any violation of the Measures for the Administration of Overseas Investment, the competent commerce authority has the right to revoke the overseas investment filing of the enterprise, give a warning, and publish a penalty decision in accordance with the law, and may prohibit the enterprise from reapplying for the relevant approval within one or three years or from enjoying incentives or support measures under relevant national policies within three years, and criminal liability shall be pursued if the violation constitutes a crime.

Laws and regulations on foreign exchange

The lawful currency in the PRC is Renminbi. The State Administration of Foreign Exchange is authorized by the People’s Bank of China to manage all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

According to the Foreign Exchange Administration Regulations of the People’s Republic of China (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administration Regulations**”), which were amended by the State Council on August 5, 2008 and came into effect on the same day, all international payments and transfers are classified into current account items and capital account items. Most of the current account items are not subject to the approval of foreign exchange administration agencies, while capital account items are subject to such approval. China does not impose any restrictions

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on current international payments and transfers. Foreign exchange income of PRC companies under current account items may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant state regulations. The retention or sale of foreign exchange revenue under capital account items to financial institutions engaged in the settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administration agencies, unless otherwise stipulated by the State.

Pursuant to the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People’s Bank of China on June 20, 1996 and implemented on July 1, 1996, the remaining restrictions on the convertibility of foreign exchange under current account items were abolished, while the existing restrictions on foreign exchange transactions under capital account items are retained. According to the relevant laws, regulations and a series of guidelines regarding foreign exchange in the PRC, mainland-China enterprises that require foreign exchange for current account transactions may, upon presentation of valid commercial documents and transaction vouchers, make payments from their foreign exchange accounts at designated foreign exchange banks, without the approval of the SAFE. Foreign-invested enterprises requiring foreign exchange for the distribution of profits to Shareholders, and China-invested enterprises required by regulations to pay dividends in foreign exchange, shall pay from its foreign exchange account or pay at the designated foreign exchange bank, upon presentation of a resolution of the board of directors on the distribution of profits in accordance with the law.

Pursuant to the Decision of the State Council on Cancelling and Adjusting a Batch of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council on October 23, 2014 and implemented on the same date, the administrative approval by SAFE and its branches in respect of the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been cancelled.

According to the Notice on Relevant Issues Concerning Fund Management for Overseas Listing 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 was promulgated by the PBOC and the SAFE on December 24, 2025 and came into effect on April 1, 2026, a domestic enterprise that conducts an overseas listing shall, within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment, apply to a bank within the provincial-level region or municipality separately designated in the State plan where it is registered for overseas listing registration, and the use of the proceeds from overseas listing shall be consistent with the relevant content set out in publicly disclosed documents. In principle, the proceeds from the overseas listing of a domestic enterprise shall be repatriated to the PRC in a timely manner. If the proceeds are retained overseas for conducting businesses such as outbound direct investment, overseas securities investment, or overseas lending, approvals or record-filing documents from the competent business authorities shall be obtained prior to the completion of the overseas listing offering or the over-allotment, and relevant regulations on cross-border fund management shall be complied with.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the State Administration of Foreign Exchange on February 13, 2015 and effective from June 1, 2015, the State Administration of Foreign Exchange cancelled the confirmation approval of the foreign exchange registration under domestic direct investment and the confirmation approval of the foreign exchange registration under overseas direct investment. Instead, banks shall directly examine and handle the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment, and the State Administration of Foreign Exchange and its branches shall conduct indirect supervision over the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《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 amended by the SAFE on December 4, 2023 and came into effect on the same day, relevant policies clearly provide that foreign exchange receipts

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under the capital account subject to discretionary settlement (including repatriated funds raised through overseas listing) may be settled with banks based on the actual operational needs of domestic institutions. The tentative percentage of discretionary settlement of foreign exchange receipts under the capital account of domestic institutions is 100%, and the SAFE may adjust the above percentage in due course in light of the balance of payments situation.

Laws and regulations on intellectual property rights

Patent

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), which was amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations for the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), which were amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application.

Copyright

According to the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), which was amended by the SCNPC on November 11, 2020 and came into effect on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》), which were amended by the National Copyright Administration on June 18, 2004 and came into effect on July 1, 2004, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》), which were amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority which shall grant registration certificates to applicants for computer software copyrights according to the Measures for the Computer Software Copyright Registration and the Regulations on the Computer Software Protection.

Trademark

According to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), which was amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》), which were amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certification marks. The registration of a trademark shall be valid for 10 years from the date of approval. If there is a continued need for the use of the trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. Each renewal of registration of a trademark shall be valid for ten years from the date after the expiry of the previous trademark registration.

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Domain names

According to the Administrative Measures on the Internet Domain Names (《互聯網域名稱管理辦法》), which were promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain name registrations are handled through domain name service agencies established according to the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations on taxation

Taxation of Security Holders

The income tax and capital gains tax of H Shareholders are governed by the laws and practices of the PRC and the jurisdictions in which the H Shareholders are resident or otherwise subject to tax. The following summary of certain relevant tax provisions is based on current laws and practices, does not take into account any anticipated changes or amendments to the relevant laws and policies, and does not constitute any opinion or advice. The discussion does not address all possible tax consequences relating to an investment in H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulations. Accordingly, you should consult your tax advisors regarding the tax consequences of an investment in H Shares. The discussion is based on the laws and relevant interpretations in effect as of the Latest Practicable Date, which laws and relevant interpretations may change and may have retroactive effect.

The discussion does not address any PRC tax issues other than income tax, value-added tax, stamp duty and estate duty. Prospective investors should consult their tax advisors regarding the tax consequences in the PRC and other regions relating to the ownership and disposal of H Shares.

PRC Taxation

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》) (the “IIT Law”) as amended by the SCNPC on August 31, 2018 and effective from January 1, 2019, and the Implementation Regulations of the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法實施條例》) as amended by the State Council on December 18, 2018 and effective from January 1, 2019, dividends distributed by PRC domestic companies to individual investors are subject to withholding income tax at a uniform rate of 20%. Meanwhile, pursuant to the Notice on Issues Concerning the Differentiated Individual Income Tax Policies on Dividends and Bonuses 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》) jointly promulgated by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission on September 7, 2015 and effective from September 8, 2015, where an individual obtains shares of a listed company from public offerings and the transfer market and holds such shares for more than 1 year, the income from dividends and bonuses shall be temporarily exempted from individual income tax. Where an individual obtains shares of a listed company from public offerings and the transfer market and holds such shares for 1 month or less (inclusive), the income from dividends and bonuses shall be fully included in the taxable income; where the holding period is more than 1 month up to 1 year (inclusive), 50% of the income from dividends and bonuses shall be temporarily included in the taxable income; the individual income tax on the aforesaid income shall be calculated and levied at a uniform tax rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed by the Mainland of China and Hong Kong on August 21, 2006, the PRC Government may impose tax on dividends payable by a PRC company to Hong Kong residents (including natural persons and legal

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entities), but the tax shall not exceed 10% of the gross amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, and provided that such Hong Kong resident is the beneficial owner of the dividends and satisfies other conditions, the relevant tax shall not exceed 5% of the gross amount of dividends payable by such PRC company. According to the Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income by the State Taxation Administration (《國家稅務總局關於〈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》) (the “Fifth Protocol”), signed by the Mainland of China and Hong Kong on July 19, 2019 and effective on December 6, 2019, such provisions shall not apply to arrangements or transactions made with one of the main purposes of obtaining such tax benefits.

Enterprise Investors

According to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) (the “EIT Law”) amended by the SCNPC on December 29, 2018 and implemented on the same date, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》) (the “EIT Rules”) amended by the State Council on December 6, 2024 and implemented on January 20, 2025, if a non-resident enterprise has not set up an establishment or place of business in the PRC, or has set up an establishment or place of business in the PRC but the income derived from the PRC is not actually connected with such establishment or place of business, it is generally required to pay enterprise income tax at a rate of 10% on its revenue derived from the PRC (including dividends paid by PRC resident enterprises whose shares are issued and listed in Hong Kong). The aforesaid income tax payable by the non-resident enterprise is subject to withholding at source, where the payer shall be the withholding agent, and the tax amount shall be withheld by the withholding agent from the payment. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

According to the Notice on Issues Concerning Withholding and Payment of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) promulgated by the State Taxation Administration on November 6, 2008 and implemented on the same date, a PRC resident enterprise, when distributing dividends for the year 2008 and subsequent years to overseas non-resident enterprise shareholders of H shares, shall uniformly withhold and pay enterprise income tax at a rate of 10%. As further stipulated by the Official Reply on Issues Concerning the Imposition of Enterprise Income Tax on Dividends Derived by Non-resident Enterprises from Shares 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復》) promulgated by the State Taxation Administration on July 24, 2009 and implemented on the same date, any PRC resident enterprise whose shares are publicly issued and listed inside or outside the PRC, when distributing dividends for the year 2008 and subsequent years to non-resident enterprise shareholders, shall uniformly withhold and pay enterprise income tax at a rate of 10%. The aforementioned tax rates may be further modified pursuant to the tax treaty or agreement (if applicable) entered into between the PRC government and the relevant countries or regions.

According to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities), but such tax shall not exceed 10% of the total amount of dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, and such Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to an arrangement or a transaction made with one of the primary purposes of obtaining such tax benefits.

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According to the applicable laws and regulations, we intend to withhold taxes at a rate of 10% from the dividends paid to non-PRC resident enterprise Shareholders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises entitled to enjoy a reduced tax rate under applicable income tax treaties are required to apply to the PRC tax authorities for a refund of the withheld taxes in excess of the applicable treaty rate, and the relevant tax refund is subject to verification by the PRC tax authorities.

Taxation in relation to Share Transfer

Individual Investors

According to the Individual Income Tax Law (《個人所得稅法》) and its implementation rules, gains realized from the sale of equity interests in PRC resident enterprises are subject to an individual income tax at a rate of 20%. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Incomes from the Transfer of Shares 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》) promulgated by the Ministry of Finance and the State Administration of Taxation on March 30, 1998 and implemented on the same day, incomes derived by individuals from the transfer of listed company shares continues to be temporarily exempted from individual income tax since January 1, 1997. In the newly amended Enterprise Income Tax Law (《企業所得稅法》) and its implementation rules, the State Administration of Taxation has not explicitly stipulated whether to continue exempting individual income tax on incomes derived by individuals from the transfer of listed company shares.

Enterprise Investors

According to the Enterprise Income Tax Law (《企業所得稅法》) and its implementation rules, a non-PRC resident enterprise that has not established an institution or premises in the PRC, or has established an institution or premises but the income derived is not actually connected with the institution or premises established by it, shall be subject to enterprise income tax on its income derived from within the PRC (including the gains from the sale of equity interests in PRC resident enterprises) at a rate of 10%. The aforementioned income tax payable by non-PRC resident enterprises shall be subject to withholding at source, and the payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid or payable each time such payment is made or due. Such withholding tax may be reduced or exempted pursuant to relevant tax treaties or agreements for the avoidance of double taxation.

Stamp Duty

According to the Stamp Duty Law of the People’s Republic of China (《中華人民共和國印花稅法》) promulgated by the SCNPC on June 10, 2021 and implemented on July 1, 2022, the purchase and disposal of H Shares outside the PRC by non-PRC investors are not subject to the provisions of the Stamp Duty Law of the People’s Republic of China (《中華人民共和國印花稅法》).

Inheritance Tax

Under PRC laws, inheritance tax is currently not levied in the PRC.

Tax Policies regarding Shenzhen-Hong Kong Stock Connect

According to the Notice on the Relevant Tax Policies for the Pilot Programme of the Shenzhen-Hong Kong Stock Market Trading Interconnection Mechanism (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on November 5, 2016, and implemented on December 5, 2016, the income from transfer spread derived by PRC corporate investors from investing in stocks listed on the SEHK through the Shenzhen-Hong Kong Stock Connect shall be included in their total revenue, and shall be subject to enterprise income tax in accordance with the law.

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According to the Announcement on the Continuous Implementation of Individual Income Tax Policies relating to the Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets and the Shenzhen and Hong Kong Stock Markets and the Mutual Recognition of Funds between the Mainland and Hong Kong promulgated by the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission on August 21, 2023 and implemented on the same day, the gains on transfer derived by PRC individual investors from investing in shares listed on the SEHK through the Shenzhen-Hong Kong Stock Connect shall continue to be temporarily exempted from individual income tax, and such announcement is effective until December 31, 2027.

According to the Notice on Tax Policies concerning the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets, for dividends and bonuses derived by PRC individual investors from investing in H shares listed on The Stock Exchange of Hong Kong Limited (SEHK) through the Shenzhen-Hong Kong Stock Connect, the H share companies shall submit an application to China Securities Depository and Clearing Corporation Limited, China Securities Depository and Clearing Corporation Limited shall provide the H share companies with the register of mainland individual investors, and the H share companies shall withhold individual income tax at the rate of 20%. For dividend and bonus income derived by PRC corporate investors from investing in shares listed on the SEHK through the Shenzhen-Hong Kong Stock Connect, such income shall be included in their total income, and subject to enterprise income tax in accordance with the law. Among which, the dividend and bonus income derived by PRC resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax in accordance with the law. H share companies listed on the SEHK shall submit an application to China Securities Depository and Clearing Corporation Limited, and China Securities Depository and Clearing Corporation Limited shall provide the H share companies with the register of mainland corporate investors. H share companies shall not withhold dividend and bonus income tax for PRC corporate investors, and the tax payable shall be declared and paid by the enterprises themselves.

Major Taxes of the Company in the PRC

Enterprise income tax

According to the EIT Law and the EIT Rules, a uniform 25% enterprise income tax rate is imposed on both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The enterprise income tax rate is reduced to 15% for the high-tech enterprises that need key support from the country.

According to the Announcement on Continuing the Enterprise Income Tax Policy for the Western Region Development (《關於延續西部大開發企業所得稅政策的公告》), which was promulgated by the MOF, the SAT and the NDRC on January 1, 2021 and came into effect on January 1, 2021, from January 1, 2021 to December 31, 2030, enterprises in encouraged industries established in the western region shall be subject to enterprise income tax at a reduced rate of 15%. The western region referred to in the announcement includes Guangxi Zhuang Autonomous Region, Sichuan Province, Guizhou Province and Yunnan Province, among others.

Value-added tax

According to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》), which was promulgated by the State Council on December 25, 2024 and came into effect on January 1, 2026, any unit or individual (including individual industrial and commercial households) that sells goods, services, intangible assets or immovable property within the territory of the PRC, or imports goods into the territory, shall be a taxpayer subject to value-added tax (“VAT”) and shall pay VAT in accordance with the provisions of this law.

According to the Regulations on the Implementation of the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法實施條例》), which were promulgated by the State Council on December 25, 2025 and implemented on January 1, 2026, when issuing a VAT special invoice,

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a taxpayer shall separately state the sales amount and the VAT amount. VAT credit vouchers shall comply with the relevant provisions of the competent tax authority under the State Council, and specifically include VAT special invoices, special customs bills of payment for VAT on import, tax payment vouchers, agricultural produce purchase invoices, agricultural produce sales invoices, and other credit vouchers that have the function of input tax credit.

According to the Notice on Adjusting Value-added Tax Rates (《關於調整增值稅稅率的通知》), which was promulgated by the MOF and the SAT on April 4, 2018 and came into effect on May 1, 2018, the value-added tax rates of 17% and 11% on sales and imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, the VAT rates of 16% and 10% on sales and imported goods shall be adjusted to 13% and 9%, respectively.

Laws and regulations on employment and social welfare

Employment

According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), which was amended by the SCNPC on December 29, 2018 and came into effect on the same day, employers shall establish sound employment rules and systems to protect workers’ labor rights and fulfill its employment obligations. Employers must establish comprehensive labor safety and health policies. They must strictly implement national labor safety and health regulations and standards, provide labor safety and health education to workers, prevent accidents at work, and reduce occupational hazards.

According to the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), which was amended by the SCNPC on December 28, 2012 and came into effect on July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》), which were promulgated by the State Council on September 18, 2008 and came into effect on the same day, employers must enter into written labor contracts with workers and pay labor remuneration to workers timely and in full amount in accordance with the provisions of the labor contract and national regulations. Employers may terminate labor contracts with workers under certain circumstances and pay economic compensation to workers according to law.

Social insurance

According to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) (the “Social Insurance Law”), which was amended by the SCNPC on December 29, 2018, and came into effect on the same day, the state has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has stipulated 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》), which were amended by the State Council on March 24, 2019 and came into effect on the same day, enterprises shall register social insurance with the local social insurance agency 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 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.

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

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September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the 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, the 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 if the employer fails to make social insurance contributions in accordance with the law.

Housing provident funds

According to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which were amended by the State Council on March 24, 2019 and came into effect on the same day, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, an application may be made to the people's court for compulsory enforcement. In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period; where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Laws and regulations on overseas listing

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Trial Measures for Overseas Listing”), which were promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, the CSRC has comprehensively reformed the regulatory framework for direct or indirect overseas securities offering and listing by PRC domestic companies. PRC domestic companies seeking overseas securities offering and listing, either directly or indirectly, shall fulfill the filing procedure with the CSRC and report relevant materials.

According to the Trial Measures for Overseas Listing, no overseas offering and listing shall be made under any of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; or (v) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder or actual controller.

According to the Trial Measures for Overseas Listing, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which were promulgated by the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of China on February

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24, 2023 and implemented on March 31, 2023, a domestic company that plans to, either directly or through its overseas listed entity, publicly disclose or provide to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level. A domestic company that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations. Working papers produced in the Chinese mainland by securities companies and securities service providers in the process of undertaking businesses related to overseas offering and listing by domestic companies shall be retained in the Chinese mainland. Where such documents need to be transferred or transmitted to outside the Chinese mainland, relevant approval procedures stipulated by national regulations shall be followed.