REGULATIONS RELATING TO COMPULSORY CERTIFICATION AND ADMISSION

On July 9, 2005, the State Council of the PRC promulgated the Regulation of the PRC on the Administration of Production License for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》) (the "**Production License Regulations**"), which came into effect on September 1, 2005. On April 21, 2014, the General Administration of Quality Supervision, Inspection and Quarantine (the "**AQSIQ**", currently known as the SAMR), issued the Measures for the Implementation of the Regulations of the PRC Administration of Production Licenses for Industrial Products (《中華人民共和國工業產品生產許可證管理條例實施辦法》) (the "**Production License Measures**"), which came into effect on August 1, 2014, latest revised by SAMR on September 29, 2022 and came into effect on November 1, 2022. According to the Production License Regulations and the Production License Measures, any enterprise that has not obtained a production license for a product listed in the Announcement of the Product Catalogue Implementing the Production Licensing System (2012) (《實行生產許可證制度管理的產品目錄(2012)》) (the "**Production Catalogue**"), which was issued by the AQSIQ on November 20, 2012, must not produce the relevant product. An enterprise must file an application to the provincial administration of quality and technology supervision for the license of producing the products listed in the Production Catalogue. According to the Production Catalogue, electric bicycle was industrial products that fell within the scope of Production License Regulations and Production License Measures. On June 24, 2017, the State Council issued the Decision on Adjusting the Catalogue for the Administration of Production Permits for Industrial Products and on Trying out the Simplification of Approval Procedures (《國務院關於調整工業產品生產許可證管理目錄和試行簡化審批程式的決定》), pursuant to this decision, the production license for electric bicycle was cancelled and was changed to implement mandatory product certification management. According to Announcement on the Issuance of Administrative Arrangements for the Transformation of Electric Bicycle Products from Licensing to Compulsory Product Certification (《關於發佈電動自行車產品由許可轉為實施強制性產品認證管理安排的公告》) by the SAMR and the National Standardization Management Committee on July 2, 2018, the transition period from production license management of electric bicycle to China Compulsory Certification management was from August 1, 2018 to April 14, 2019.

China Compulsory Certification

According to the Regulations on Certification and Accreditation of the PRC (《中華人民共和國認證認可條例》) which was promulgated by the State Council on 3 September 2003, latest revised on November 29, 2020 and the Regulations on the Administration of Compulsory Product Certification (Revised in 2022) (《強制性產品認證管理規定(2022修訂)》) which was promulgated by the AQSIQ on July 3, 2009 and implemented on September 1, 2009, latest revised by SAMR on September 29, 2022 and came into effect on November 1, 2022, products specified by the state shall not be delivered, sold, imported or used in other business activities until they are certified (the "**China Compulsory Certification**") and labelled with compulsory certification mark. For products that are subject to China Compulsory Certification, the State implements unified product catalogues, unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards. Producers, sellers and importers of the products listed in the catalogues shall entrust a certification body designated by the Certification and Accreditation Administration of the PRC to certify the products they produce, sell or import. If the certification requirements are met, the certification body shall issue a certificate to the client. The certificate is valid for 5 years and can be re-applied after the expiration of the validity period.

According to the Announcement of the State Administration for Market Regulation on Optimising the Catalogue of Products Subject to Compulsory Certification (《市場監管總局關於優化強制性產品認證目錄的公告》) published by the SAMR and implemented on April 21, 2020, products such as electric bicycles, electric moped and electric motorcycles are products subject to China Compulsory Certification.

Admission of Road Motor Vehicle

Pursuant to the Administrative Measures on Admission of Road Motor Vehicle Manufacturing Enterprises and Products (《道路機動車輛生產企業及產品准入管理辦法》) which was promulgated by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (the "**MIIT**") on November 27, 2018 and took into effect from June 1, 2019. The State implements categorized admission administration for enterprise manufacturing road motor vehicles and road motor vehicle products manufactured by them and used in

mainland China. The road motor vehicle manufacturing enterprise may manufacture and sell the corresponding road motor vehicle products only upon obtaining admission approval. The road motor vehicle manufacturing enterprise shall continue to satisfy admission criteria.

Production Licenses for Electric Specialty Vehicles

In accordance with the Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》) which took effect on January 1, 2014 and the Regulations on Safety Supervision of Special Equipment (《特種設備安全監察條例》) which came into effect on June 1, 2003, subsequently amended on January 24, 2009 and came into effect on May 1, 2009, "special equipment" refers to boilers, pressure vehicles (including gas cylinders), pressure pipelines, elevators, lifting appliances, yard (factory) special motor vehicles, passenger ropeways, and large amusements devices, which relate to the safety of human lives or having high risks. Without approval from the Bureau of Safety Supervision of Special Equipment (特種設備安全監察局), manufacturers of special equipment, including off-road use sightseeing vehicles, such as sightseeing vehicles for specialized motor vehicles for special indoor (plant) use, shall not carry out any production and assembly activities.

REGULATIONS RELATING TO PRODUCTION STANDARDS

According to the Standardization Law of the PRC (《中華人民共和國標準化法》) promulgated on December 29, 1988, which was last amended on November 4, 2017 and took effect on January 1, 2018, and the Implementation Rules for the Standardization Law of the PRC (《中華人民共和國標準化法實施條例》) promulgated with immediate effect on April 6, 1990, the national standards are divided into mandatory standards and recommended standards. Mandatory standards are standards that are formulated for the protection of human health, personal and property safety and standards that are legally enforceable pursuant to legal and administrative regulations, while other standards are recommended standards. Certain standards which apply to electric bicycles and electric motorcycles are mandatory standards.

The Safety Technical Specification for Electric Bicycle (GB17761-2018) (《電動自行車安全技術規範》(GB17761-2018)) (the "**New National Standards**"), promulgated on May 15, 2018 and took effect on April 15, 2019 which repealed the Electric Bicycles – General Technical Requirements (GB17761-1999) (《電動自行車通用技術條件》(GB17761-1999)), is the main national standards governing electric bicycles. According to the New National Standards, electric bicycles should meet the following requirements: (i) with the ability of pedal riding; (ii) with electric drive function and/or electric assistance function; (iii) when driving with electric drive, the maximum design speed does not exceed 25km/h, when driving with electric assistance and the top speed exceeds 25km/h, the electric motor shall not provide power output; (iv) the weight of the whole electric bicycle does not exceed 55kg; (v) the nominal voltage of the battery does not exceed 48V; and (vi) the rated continuous output power of the electric motor does not exceed 400W.

The Safety Specification for Electric Motorcycles and Electric Mopeds (GB24155-2020) (《電動摩托車和電動輕便摩托車安全要求》(GB24155-2020) promulgated on May 29, 2020 and took effect on January 1, 2021, which repealed the Electric motorcycles and electric mopeds – Safety specifications (GB24155-2009) (《電動摩托車和電動輕便摩托車安全要求》(GB24155-2009)), and the General Specifications for Electric Motorcycles and Electric Mopeds (GB/T24158-2018) (《電動摩托車和電動輕便摩托車通用技術條件》(GB/T24158-2018) promulgated on September 17, 2018 and took effect on April 1, 2019, which repealed the Electric motorcycles and electric mopeds – General specifications (GB/T24158-2009) (《電動摩托車和電動輕便摩托車通用技術條件》(GB/T24158-2009)), are the main national standards governing electric motorcycles and electric mopeds, specifically stipulate the speed, power and other technical and operational safety requirements.

REGULATIONS RELATING TO THE LICENSING OF AND ROAD USE BY ELECTRIC TWO-WHEELED VEHICLES

The Road Traffic Safety Law (《道路交通安全法》) was adopted on October 28, 2003 and came into effect on May 1, 2004. It was last amended and with immediate effect on April 29, 2021. The Road Traffic Safety Law distinguishes "non-motorized vehicles" from "motorized vehicles." According to Article 119 of the Road Traffic Safety Law, "non-motorized vehicles" refer to such means of transport as are driven or drawn by man or animals on roads, motor wheelchairs for the disabled and electrically operated bicycles which have power sets but the designed maximum speed per hour, the light quality and the external size of which are in conformity with the relevant mainland China standards for non-motorized vehicles. As such, the electric bicycles are categorized as "non-motorized vehicles", while the electric moped and

electric motorcycles are "motorized vehicles." The Road Traffic Safety Law has different requirements for non-motorized vehicles and motorized vehicles, such as regards driver qualification (motorized vehicle drivers are required to have a driver's license, while drivers of non-motorized vehicles are not), driving requirements (motorized vehicles are required to be driven in road lanes, while non-motorized vehicles and pedestrians are required to use the sides of roads), and license plate requirements (motorized vehicles are acquired to have a license plate hung in a certain way in accordance with relevant regulations, while no such requirement is imposed on non-motorized vehicles).

Also, according to the Road Traffic Safety Law, the non-motorized vehicles that are required to register can be used on the roads only after registering with the government. In addition, the scope of such non-motorized vehicles shall be specified by local governments based on local conditions, and any non-motorized vehicles should meet the technical standards in terms of overall weight, braking performance, overall size and reflector and horn device.

The local governments in mainland China, including Beijing, Shanghai, Zhejiang, Shandong, etc., have promulgated rules and regulations (provisions) which, among other things, (i) require that the users and customers shall register their electric two-wheeled vehicles (generally referred to as "being licensed"); (ii) restrict or prohibit the sale and/or use of electric two-wheeled vehicles which fail to comply with the New National Standards or fail to obtain compulsory product certification for electric two-wheeled vehicles; and (iii) prohibit the riding of electric bicycles in prescribed districts. For instance, pursuant to the Administrative Provisions for Non-motorized Vehicles in Beijing (《北京市非機動車管理條例》), promulgated on September 28, 2018 and came into effect on November 1, 2018, electric two-wheeled vehicles shall be registered before used on the roads. Pursuant to the Regulations for Electric Bicycles in Zhejiang Province (《浙江省電動自行車管理條例》), promulgated on May 15, 2020 and took effect on July 1, 2020, electric bicycles within the administrative region shall be registered, and, according to the relevant requirements, each electric bicycles shall obtain the license plates, which shall be hung in the specified location. Pursuant to the Safety Administrative Provisions for Non-motorized Vehicles in Shanghai (《上海市非機動車安全管理條例》), promulgated on February 26, 2021 and came into effect on May 1, 2021, no electric bicycle without compulsory product certification shall be sold or registered and only the ones registered by the municipal authorities of Public Security shall be used on the roads. Pursuant to the Administrative Measures for Electric Bicycles in Shandong Province (《山東省電動自行車管理辦法》), promulgated on March 14, 2022 and took effect on May 1, 2022, sale of electric bicycles which fail to comply with the New National Standards or fail to obtain the compulsory product certification shall be prohibited, and electric two-wheeled vehicles shall be registered by their end-users.

REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMER PROTECTION

Product Quality

The principal law governing product quality is the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**"), which was issued by the Standing Committee of the National People's Congress (the "**SCNPC**") on February 22, 1993, last revised and became effective on December 29, 2018. The Product Quality Law is applicable to all activities of production and sale of any product within the territory of mainland China, and the producers and sellers shall be responsible for product quality in accordance with the Product Quality Law. The seller shall be responsible for the repair, replacement or return of the product sold if (i) the product sold does not possess the properties designated for use, and no prior and clear indication is given of such a situation; (ii) the product sold does not conform to the applied product standard as displayed on the product or its packaging; or (iii) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses as a result of purchased product, the seller shall compensate for such losses. After a seller has taken responsibility for compensation or losses, where the liability falls on the producer or any other seller which provides the product to the seller, the seller shall have the right to recover the compensation from the producer or the other seller.

Pursuant to the PRC Civil Code, producers shall assume tort liability where the defects in relevant products cause damage to others. Sellers shall assume tort liability where the defects in relevant products causing damage to others are attributable to the sellers. The aggrieved party may claim for compensation from the producer or the seller of the relevant product in which the defects have caused damage.

Consumer Protection

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013, to protect consumers' rights when they purchase or use goods and receive services. All business operators must comply with this law when they produce or sell goods and/or provide services to customers. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any consumer information they obtain during their business operations. Where a business operator has discovered a defect in its goods or services provided which may harm personal safety or property security, it shall forthwith report to the relevant administrative authorities and notify consumers, and adopt measures such as suspension of selling, alert, recall, decontamination, destruction, suspension of manufacturing or services. Where recall measures are adopted, the business operator shall bear the requisite expenses incurred by consumers as a result of recall of goods. Where the goods or services provided by a business operator do not satisfy quality requirements, the consumer may require the business operator to perform replacement or repair obligations, in accordance with the agreement on return of goods between the parties concerned or pursuant to the provisions of the State. Where there is no relevant provisions by the State and agreement between the parties concerned, the consumer may return the goods within seven days from the date of receipt of the goods; where the criteria for statutory rescission of contract are satisfied after the seven-day period, the consumer may return the goods timely, where the criteria for statutory rescission of contract are not satisfied, the consumer may require the business operator to perform replacement or repair obligations,and the business operator shall bear the requisite transportation expenses under aforesaid situations.

Also, according to the Regulations on the Administration of Compulsory Product Certification (2009), once the producer or seller of a product included in the catalogue discovers any potential safety problems with the product they manufactured or sold may cause damage to human health and safety, the producer or seller shall, make public the relevant information, take the initiative to adopt remedy measures including recalling the product, and report the case to concern supervision and administration authorities in accordance with relevant provisions.

REGULATIONS RELATING TO PRODUCTION SAFETY

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) which took effect on November 1, 2002 and was amended on June 10, 2021, units engaged in manufacturing business activities shall conform to the national or industry standards formulated for the protection of production safety, and shall meet the criteria for production safety as stipulated in the legal and administrative regulations and in the national or industry standards. Enterprises shall take necessary measures to set up and maintain proper equipment, monitor production safety procedures, designate specific personnel, conduct on-site training and take all other measures required by law to ensure the safety of employees and the public. Responsible persons who, or enterprises which, fail to perform the production safety management duties shall be ordered to make rectifications within prescribed periods and/or pay fines. Parties who fail to rectify within such prescribed periods will be ordered to suspend production and business for rectification. In serious cases of violations involving production safety accidents, the responsible persons shall be held criminally liable.

REGULATIONS RELATING TO COMPANIES

The establishment, operation and management of corporate entities in mainland China are governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated on December 29, 1993 and was last amended with immediate effect on October 26, 2018. According to the PRC Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies but where other relevant laws regarding foreign investment have provided otherwise, such other laws shall prevail.

The latest major amendment to the PRC Company Law took effect on March 1, 2014, pursuant to which there is no longer a prescribed time frame for shareholders of a company to make full capital contribution to a company, except as otherwise provided in other relevant laws, administrative regulations and State Council decisions. Instead, shareholders are only required to state the capital amount that they commit to subscribe to in the articles of association of the company. Furthermore, the initial payment of a company's registered capital is no longer

subject to a minimum capital requirement, and the business license of a company will not show its paid-up capital. In addition, shareholders' contribution of the registered capital is no longer required to be verified by capital verification agencies.

REGULATIONS RELATING TO FOREIGN INVESTMENT

On March 15, 2019, the National People's Congress (the "**NPC**") promulgated the Foreign Investment Law (《中華人民共和國外商投資法》) (the "**FIL**"), which became effective on January 1, 2020, and replaced the major laws and regulations governing foreign investment in mainland China. Pursuant to the FIL, "foreign investments" refer to investment activities conducted by foreign investors directly or indirectly in mainland China, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in mainland China solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within mainland China, (iii) foreign investors investing in new projects in mainland China solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council.

Investment activities in mainland China by foreign investors are principally governed by the Catalogue of Industries for Encouraging Foreign Investment (2020 Edition) (《鼓勵外商投資產業目錄(2020年版)》) (the "**Encouraging Catalogue**") and the Special Administrative Measures (Negative List) for Access of Foreign Investment (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**Negative List**"), which were promulgated and are amended from time to time by the MOFCOM and the NDRC, and together with the FIL, and their respective implementation rules and ancillary regulations. The Encouraging Catalogue and the Negative List lay out the basic framework for foreign investment in mainland China, classifying businesses into three categories regarding foreign investment: "encouraged", "restricted", and "prohibited." Industries not listed in the Negative List are generally deemed as falling into a "permitted" category unless specifically restricted by other PRC Law. According to the Negative List, the industry which our mainland China subsidiaries are engaged in does not fall into the category of restricted or prohibited industries.

According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for foreign-invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List. The FIL provides that foreign-invested entities operating in foreign "restricted" or "prohibited" industries will require entry clearance and other approvals. The FIL does not comment on the concept of "de facto control" or contractual arrangements with variable interest entities, however, it has a catch-all provision under the definition of "foreign investment" to include investments made by foreign investors in mainland China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment.

The FIL also provides several protective rules and principles for foreign investors and their investments in mainland China, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriate or requisition the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; and foreign investors' funds can be transferred out and into the mainland China territory freely. Such protective rules and principles run through the entire lifecycle of foreign investment from entry to exit, and provide an all-around and multi-angle system to guarantee fair competition of foreign-invested enterprises in the market economy. In addition, foreign investors or the foreign investment enterprise should assume legal liabilities for failing to report investment information in accordance with the requirements. Furthermore, the FIL provides that foreign-invested enterprises, established according to the existing laws regulating foreign investment before FIL came into effective, may maintain their structure and corporate governance within five years after the implementation of the FIL, which means that foreign-invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law and other laws and regulations governing the corporate governance.

Along with the FIL, the Implementing Rules of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020, and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law (《最高人民法院關於適用<中華人民共和國外商投資法>若干問題的解釋》) promulgated by the Supreme People's Court on December 26, 2019 and became effective on January 1, 2020. The Implementation Rules of Foreign Investment Law further clarifies that the State encourages and promotes foreign

investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening-up.

On December 30, 2019, the MOFCOM and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in mainland China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal laws and regulations regulating the distribution of dividends by foreign-invested enterprises in mainland China include the PRC Company Law and the FIL. Under the current regulatory regime in mainland China, foreign-invested enterprises in mainland China may pay dividends only out of their accumulated profit, if any, determined in accordance with accounting standards in mainland China and regulations. A company in mainland China is required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital. A company in mainland China shall not distribute any profits until any losses from prior fiscal years have been offset.

REGULATIONS RELATING TO FOREIGN EXCHANGE

General Administration of Foreign Exchange

Under the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended on August 5, 2008 and various regulations issued by the SAFE and other relevant government authorities in mainland China, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside mainland China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local branches. Payments for transactions that take place within mainland China must be made in Renminbi. Unless otherwise provided by laws and regulations, companies in mainland China may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations in mainland China. For foreign exchange proceeds under the capital accounts, approval from the SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the relevant rules and regulations in mainland China.

Regulations Relating to Offshore Investment

On July 4, 2014, the SAFE promulgated the SAFE Circular 37, which regulates the relevant matters involving foreign exchange registration for round-trip investment. Under SAFE Circular 37, a mainland China resident must register with the local SAFE counterpart before contributing assets or equity interests in an offshore special purpose vehicle, that is directly established or indirectly controlled by such mainland China resident for the purpose of conducting investment or financing. In addition, following the initial registration, in the event of any major change in respect of the offshore special purpose vehicle, including, among other things, a change of offshore special purpose vehicle's mainland China resident shareholder(s), the name of the offshore special purpose vehicle, terms of operation, or any increase or reduction of the offshore special purpose vehicle's capital, share transfer or swap, and merger or division, the mainland China resident shall complete the change of foreign exchange registration procedures for offshore investment with the local SAFE counterpart. According to the procedural guideline as attached to SAFE Circular 37, the principle of review has been changed to "the domestic individual resident shall only register the offshore special purpose vehicle directly established or controlled (first level)." At the same time, the SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment (《返程投資外匯管理所涉業務操作指引》) with respect to the procedures for SAFE registration under SAFE Circular 37, which became effective on July 4, 2014, as an attachment to SAFE Circular 37. Under the relevant rules, failure to comply with the registration procedures set out in SAFE Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, and may also

subject relevant mainland China residents to penalties under foreign exchange administration regulations in mainland China. Mainland China residents who hold any shares in the company from time to time are required to register with the SAFE in connection with their investments in the company.

On February 13, 2015, the SAFE promulgated the SAFE Circular 13, which became effective on June 1, 2015, and was partially repealed by the Notice of State Administration of Foreign Exchange on Repeal or Invalidation of Five Regulatory Documents on Foreign Exchange Administration and Some Clauses of Seven Regulatory Documents on Foreign Exchange Administration (《國家外匯管理局關於廢止和失效5件外匯管理規範性檔及7件外匯管理規範性檔條款的通知》) on December 30, 2019, and further amended SAFE Circular 37 by requiring domestic residents to register with qualified banks rather than SAFE or its local counterpart in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which became effective on June 1, 2015, according to which the foreign exchange capital of foreign-invested enterprises must be subject to the Discretional Foreign Exchange Settlement (the "**Discretional Foreign Exchange Settlement**"). Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined to be 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and go through the review process with the banks.

SAFE issued the Circular of the State Administration of Foreign Exchange 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》) (the "**SAFE Circular 16**"), on June 9, 2016, which became effective on the same day. Pursuant to SAFE Circular 16, enterprises registered in mainland China may also convert their foreign debts from foreign currency to Renminbi on a discretionary basis. SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a discretionary basis which applies to all enterprises registered in mainland China. SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Law, while such converted Renminbi shall not be provided as loans to its non-affiliated entities. On October 23, 2019, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**"), which became effective on the same day. SAFE Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in mainland China as long as such investments do not violate the currently effective Negative List and the target investment projects are genuine and in compliance with laws. In addition, SAFE Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt, and overseas listing for the purpose of domestic payments without providing authenticity certifications to the relevant banks in advance for those domestic payments.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

The PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) and the Regulations for the Implementation of the Law on Enterprise Income Tax (《中華人民共和國企業所得税法實施條例》) (collectively, the "**EIT Laws**"), were promulgated on March 16, 2007, and December 6, 2007, respectively and were most recently amended on December 29, 2018 and April 23, 2019, respectively. According to the EIT Laws, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in mainland China in accordance with PRC Law, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within mainland China. Non-resident enterprises are defined as enterprises

that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside mainland China, but have established institutions or premises in mainland China, or have no such established institutions or premises but have income generated from inside mainland China. Under the EIT Laws and relevant implementing regulations, a uniform EIT rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in mainland China, or if they have formed permanent establishment institutions or premises in mainland China but there is no actual relationship between the relevant income derived in mainland China and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside mainland China.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the "**SAT Circular 82**"), promulgated on April 22, 2009 and amended on December 29, 2017, sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of mainland China and controlled by mainland China enterprises or mainland China enterprise groups is located within mainland China. The Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) (the "**SAT Bulletin 45**"), which was promulgated on July 27, 2011, became effective on September 1, 2011 and was subsequently amended on June 15, 2018, provides further guidance on the implementation of SAT Circular 82 and clarifies certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures.

According to SAT Circular 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a mainland China tax resident by virtue of having a "de facto management body" in mainland China and will be subject to PRC EIT on its worldwide income only if all of the following criteria are met: (i) the places where the senior managers and the senior management departments that are responsible for implementing the routine production, management and operation of the enterprise perform their duties, are mainly located inside mainland China; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in mainland China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders meeting minutes are located or maintained in mainland China; and (iv) 50% or more of voting board members or senior executives habitually reside in mainland China. According to SAT Bulletin 45, when provided with a copy of Chinese tax resident determination certificate from a resident Chinese controlled offshore incorporated enterprise, the payer should not withhold income tax when paying the Chinese-sourced dividends, interests, royalties, etc. to the mainland China controlled offshore incorporated enterprise.

Pursuant to the Announcement on Issues Regarding Implementation of Preferential Income Tax Policy for High and New Technology Enterprise (《關於實施高新技術企業所得稅優惠政策有關問題的公告》) released on June 19, 2017, by the SAT, high-tech enterprise shall entertain preferential tax from the year indicated on the certificate for high-tech enterprise, and complete filing formalities with the competent tax authorities according to relevant provisions. On expiration of the qualification as high-tech enterprise, income tax shall be temporarily levied pursuant to a rate of 15% before renewal of the qualification; if such qualification shall not be obtained before the end of the year, the shortage shall be made up according to relevant provisions.

Tax on Indirect Transfer

The SAT Bulletin 7, which was issued on February 3, 2015, partially abolished by the Decision of the State Administration of Taxation on Issuing the Catalogues of Tax Departmental Rules and Tax Regulatory Documents Which Are Invalidated and Repealed (《國家稅務總局關於公佈失效廢止的稅務部門規章和稅收規範性文件目錄的決定》) on December 29, 2017, and most recently amended pursuant to the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Enterprise Income Tax at Source on Non-PRC Resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) on October 17, 2017, became effective on December 1, 2017 and was subsequently amended on June 15, 2018. Pursuant to SAT Bulletin 7, an "indirect transfer" of assets, including equity interests in a mainland China resident enterprise, by non-PRC resident enterprises may be recharacterized and treated as a direct transfer of PRC Taxable Assets if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC EIT. As a result, gains derived from an indirect transfer may be subject to PRC EIT. According to SAT Bulletin 7, "PRC Taxable Assets" include assets attributed to an establishment or a place of business in mainland China, immovable properties in mainland

China, and equity investments in mainland China resident enterprises. In respect of an indirect offshore transfer of assets of a mainland China establishment or place of business, the relevant gain is to be regarded as effectively connected with the mainland China establishment or a place of business and therefore included in its EIT filing and would consequently be subject to PRC EIT at a rate of 25%. Where the underlying transfer relates to the immovable properties in mainland China or to equity investments in a mainland China resident enterprise, which is not effectively connected to a mainland China establishment or a place of business of a non-resident enterprise, a PRC EIT at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. There is uncertainty as to the implementation details of SAT Bulletin 7.

VAT Tax

Before August 2013 and pursuant to applicable tax regulations in mainland China, any entity or individual conducting business in the service industry is generally required to pay a business tax at the rate of 5% on the revenue generated from providing services. However, if the services provided are related to technology development and transfer, the business tax may be exempted subject to approval by the relevant tax authorities.

In November 2011, the Ministry of Finance and the SAT promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業税改徵增值税試點方案》). In May and December 2013, April 2014, March 2016 and July 2017, the Ministry of Finance and the SAT promulgated five circulars to further expand the scope of services that are to be subject to VAT instead of business tax. Pursuant to these tax rules, from August 1, 2013, a VAT was imposed to replace the business tax in certain service industries, including technology services and advertising services, and from May 1, 2016, VAT replaced business tax in all industries, on a nationwide basis. On November 19, 2017, the State Council further amended the Interim Regulation of the PRC on Value Added Tax (《中華人民共和國增值税暫行條例》) to reflect the normalization of the pilot program. The VAT rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT rate applicable to the small-scale taxpayers is 3%. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

On April 4, 2018, the Ministry of Finance and the SAT issued the Notice on Adjustment of VAT Rates (《關於調整增值税税率的通知》), which came into effect on May 1, 2018. According to such notice, the taxable goods previously subject to VAT rates of 17% and 11% respectively become subject to lower VAT rates of 16% and 10%, respectively starting from May 1, 2018.

On March 20, 2019, the Ministry of Finance, the SAT and the General Administration of Customs issued the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》), which came into effect on April 1, 2019, to further slash VAT rates. According to the announcement, (i) for general VAT payers' sales activities or imports previously subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (ii) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (iii) for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (iv) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and (v) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%.

Environmental Protection Tax

According to the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護税法》) issued by the SCNPC on December 25, 2016, implemented on January 1, 2018 and revised on October 26, 2018, and the Regulations on the Implementation of the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護税法實施條例》) issued by the State Council on December 25, 2017 and implemented on January 1, 2018, enterprises, institutions and other producers and business operators that directly discharge taxable pollutants into the environment within the territory of mainland China and in other sea areas under the jurisdiction of mainland China are taxpayers of environmental tax and shall pay environmental protection tax in accordance with the law.

Dividend Withholding Tax

The PRC Enterprise Income Tax Law provides that since January 1, 2008, an EIT rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in mainland China, 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 mainland China.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), and other applicable PRC Law, if a Hong Kong resident enterprise is determined by the competent tax authority in mainland China to have satisfied the relevant conditions and requirements under this arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a mainland China resident enterprise may be reduced to 5%. However, based on the Notice of the State Administration of Taxation on Issues Relating to the Implementation of Dividend Clauses in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) issued on February 20, 2009, if the relevant tax authorities in mainland China determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such tax authorities in mainland China may adjust the preferential tax treatment. According to the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》), which was issued by the SAT on February 3, 2018 and became effective on April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This notice further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告》).

REGULATIONS RELATING TO THE IMPORTS AND EXPORTS OF PRODUCTS

Under the Customs Law of the PRC (《中華人民共和國海關法》) promulgated on January 22, 1987, which came into effect on July 1, 1987 and was last amended with immediate effect on April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall register with the Customs in accordance with the laws. The receiver of import goods and the sender of export goods shall make an accurate declaration and submit the import or export licence and relevant papers to the Customs office for examination. The consignee or consignor of imported or exported goods or a customs declaration enterprise who applies for recordation shall obtain the qualification of market entities, in accordance with the Provisions of the PRC on the Administration of Recordation of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), which was promulgated on November 19, 2021 and became effective on January 1, 2022.

REGULATIONS RELATING TO UNFAIR COMPETITION AND ANTI-MONOPOLY

According to the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated on September 2, 1993, and last amended with immediate effect on April 23, 2019, unfair competition refers to the circumstance where the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions set forth therein in its production and operating activities. Operators shall abide by the principle of voluntariness, equality, impartiality, integrity, as well as laws and business ethics during production and operating activities.

The Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007 and became effective on August 1, 2008, last amended on June 24, 2022 with effective date of August 1, 2022, and the Rules of the State Council on Declaration Threshold for Concentration of Undertakings (《國務院關於經營者集中申報標準的規定》) promulgated by the State Council on August 3, 2008, and latest amended on September 18, 2018, require that where a concentration reaches one of the following thresholds, a declaration must be lodged in advance with the anti-monopoly law enforcement agency under the State Council, or otherwise the concentration shall not be implemented: (i) during the previous fiscal year, the total global turnover of all undertakings participating in the concentration exceeded RMB10 billion, and at least two of these undertakings each had a turnover of more than RMB400 million within mainland China; or (ii) during the previous fiscal year, the total turnover within mainland China of all the undertakings participating in the concentration exceeded RMB2 billion, and at least two of these undertakings each had a turnover of more than RMB400 million within mainland China.

The Measures for Examination and Approval of Concentration of Business Operators (《經營者集中審查暫行規定》), promulgated by the SAMR on October 23, 2020, last amended on March 24, 2022, and became effective on May 1, 2022, which refers concentration as (i) a merger of undertakings; (ii) acquiring control over other undertakings by acquiring equities or assets; or (iii) acquisition of control over, or the possibility of exercising decisive influence on, an undertaking by contract or by any other means.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Copyright

The PRC has enacted various laws and regulations relating to the protection of copyright. China is a signatory to some major international conventions on protection of copyright and became a member of the Berne Convention for the Protection of Literary and Artistic Works in October 1992, the Universal Copyright Convention in October 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

The PRC Copyright Law (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and became effective on June 1, 2021, and its related Implementing Regulations (《中華人民共和國著作權法實施條例》) issued by the State Council on August 2, 2002 and last amended on January 30, 2013 and became effective on March 1, 2013, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The PRC Copyright Law aims to encourage the creation and dissemination of works which is beneficial for the construction of socialist spiritual civilization and material civilization and promote the development and prosperity of Chinese culture.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration (the "**NCA**") on February 20, 2002, regulate registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The NCA shall be the competent authority for the nationwide administration of software copyright registration and the PRC Copyright Protection Center, is designated as the software registration authority. The PRC Copyright Protection Center shall grant registration certificates to the Computer Software Copyrights applicants which conform to the provisions of both the Computer Software Copyright Registration Measures and the Computer Software Protection Regulations (Revised in 2013) (《計算機軟件保護條例》(2013年修訂)).

Trademark

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) which was promulgated on August 23, 1982, and last amended on April 23, 2019 as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) which was adopted by the State Council on August 3, 2002 and amended on April 29, 2014. In mainland China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The PRC Trademark Office of National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout mainland China and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a

registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the trademark office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As with trademarks, the PRC Trademark Law has adopted a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Patent

Patents are protected by the PRC Patent Law (《中華人民共和國專利法》) which was promulgated on March 12, 1984, last amended on October 17, 2020, and became effective on June 1, 2021, and the Implementation Rules for the PRC Patent Law (《中華人民共和國專利法實施細則》) promulgated on January 19, 1985 and last amended on January 9, 2010 by the State Council. A patentable invention or utility model must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. The Patent Office under the National Intellectual Property Administration is responsible for receiving, examining and approving patent applications. A patent is valid for a twenty-year term for an invention and a ten-year term for a utility model or design. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017. The MIIT is the major regulatory body responsible for the administration of mainland China internet domain names, under supervision of which the China Internet Network Information Center is responsible for the daily administration of .cn domain names and Chinese domain names. China Internet Network Information Center adopts the "first to file" principle with respect to the registration of domain names. In November 2017, the MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which became effective on January 1, 2018. Pursuant to the notice, the domain names used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior manager.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

The Labor Contract Law

According to the PRC Labor Law (《中華人民共和國勞動法》) promulgated on July 5, 1994, and last amended on December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by State rules and standards on workplace safety, educate employees on labor safety and sanitation in mainland China. Labor safety and sanitation facilities shall comply with standards stipulated by the State. Enterprises and institutions shall provide employees with a safe workplace and sanitary conditions which are in compliance with State stipulations and the relevant articles of labor protection. The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was implemented on January 1, 2008, and amended on December 28, 2012, is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Pursuant to the PRC Labor

Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the employees. Enterprises and institutions are forbidden to force employees to work beyond the time limit and employers shall pay employees for overtime work in accordance with the laws and regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to employees in a timely manner.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例》) implemented on January 1, 2004 and amended on December 20, 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance for Employees of Corporations of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on July 1, 2011 and amended on December 29, 2018, enterprises are obliged to provide their employees in mainland China with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount in arrears.

In accordance with the Regulations on the Management of Housing Funds (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner. If any employer is overdue in the contribution of, or underpays, the housing provident fund, the management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made within the given period, an application may be made to a people's court for compulsory enforcement.

Prevention and Control of Occupational Diseases

According to the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) issued by SCNPC on October 27, 2001, and revised on December 31, 2011, July 2, 2016, and latest revised on December 29, 2018, where a new construction, expansion, or reconstruction project or a technical improvement and technology introduction project may cause any occupational disease hazards, the construction entity shall (i) assess in advance the occupational disease hazards at the feasibility study stage; (ii) evaluate the effects of occupational disease hazard control before the acceptance check of the construction project; and (iii) legally organize acceptance check to the protective facilities against occupational diseases. The protective facilities against occupational diseases may be put into use in regular production and other operations only after passing the acceptance check. Besides, employers shall (i) establish and improve a responsibility system for the prevention and control of occupational diseases, strengthen the management of the prevention and control of occupational diseases, improve their capabilities of the prevention and control of occupational diseases, and assume responsibilities for their own occupational disease hazards; (ii) participate in work-related injury insurance according to law; (iii) adopt effective protective facilities against occupational diseases and provide employees with occupational disease protection items satisfying the requirements for the prevention and control of occupational diseases for personal use; (iv) install alarms and provide on-site rescue items, washing equipment, emergency evacuation exits, and necessary hazard buffer zones for toxic or harmful work sites where acute occupational injuries my occur; and (v) truthfully inform their employees of the occupational disease hazards which may arise in the work process, the

consequences thereof, the protective measures against occupational diseases, remuneration, and other matters and include the same in the employment contracts, and shall not conceal such information or defraud their employees when signing employment contracts.

Labor Dispatch

The Ministry of Human Resources and Social Security promulgated the Interim Provisions on Labor Dispatch (《劳務派遣暫行規定》) on January 24, 2014, which became effective on March 1, 2014. It states that labor dispatch should only be applicable to temporary, auxiliary or substitute positions. For purposes of these provisions, temporary positions mean positions subsisting for no more than six months, auxiliary positions mean positions of non-major businesses, and substitute positions mean positions that can be held by substitute employees for a certain period of time during which the employees who originally hold such positions are unable to work as a result of full-time study, being on leave or other reasons. The Interim Provisions on Labor Dispatch further provide that the number of the dispatched workers of an employer shall not exceed 10% of its total workers, and the total workforce of an employer shall refer to the sum of the number of the workers who have signed labor contracts with the employer and the number of workers who are dispatched to the employer.

Employee Stock Incentive Plan

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), individuals participating in any stock incentive plan of any overseas publicly listed company who are PRC citizens or non-PRC citizens who reside in mainland China for a continuous period of not less than one year, subject to a few exceptions are required to register with SAFE or its local branches and complete certain other procedures through a domestic qualified agent, which could be a mainland China subsidiary of such overseas listed company, and complete certain other procedures. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of mainland China residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the mainland China residents' exercise of the employee share options. The foreign exchange proceeds received by mainland China residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in mainland China opened by the PRC agents before distribution to such mainland China residents. Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax in Relation to Equity Incentives (《國家税務總局關於股權激勵有關個人所得税問題的通知》) which was promulgated by the PRC SAT and took effective from August 24, 2009, and last amended on April 18, 2011 with effective date of May 1, 2011, listed companies and their domestic organizations shall, according to the individual income tax calculation methods for "wage and salary income" and stock option income, lawfully withhold and pay individual income tax on such income.

REGULATIONS RELATING TO LAND AND THE LEASING OF PROPERTY

Land

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), which was promulgated by the Standing Committee of the SCNPC on June 25, 1986, implemented on January 1, 1987 and latest revised on August 26, 2019 and became effective on January 1, 2020, and the Implementation Regulations for the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》), which was promulgated by the State Council on January 4, 1991, latest amended on July 2, 2021 with effective date of September 1, 2021, land owned by the State may be remised or allotted to construction units or individuals in accordance with the law and regulations.

Leasing of Property

Pursuant to the Administrative Measures for the Leasing of Commodity Housing (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and came into force on February 1, 2011, within 30 days after the execution of the housing lease contract, parties to the leasing of housing shall handle the

registration and filing procedure of the leasing of housing at the departments in charge of construction (real estate) of the governments in the municipality directly under the Central Government, city and county where the leased housing is located. In the event that parties to the leasing of housing fail to handle the registration and filing procedure of the leasing of housing, the department in charge of construction (real estate) of the people's government in the municipality directly under the Central Government, the cities or the counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed.

Furthermore, under any of the following circumstances, the properties shall not be let out: (i) illegal buildings; (ii) buildings which do not comply with mandatory project construction standards such as safety, disaster prevention, etc; (iii) change of nature of property use which violates the provisions; or (iv) any other circumstances for which leasing is prohibited as stipulated by laws and regulations. Persons who violate the provisions above shall be ordered by the development (real estate) department of the People's Governments of centrally administered municipalities, municipalities or counties to rectify the situation within a stipulated period; where there is no illegal income, a fine of not more than RMB5,000 may be imposed; where illegal income has accrued, a fine ranging from one to three times the amount of illegal income may be imposed, subject to a maximum of RMB30,000.

According to the PRC Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor shall remain valid. Where the mortgaged property has been leased and the possession thereof has been transferred before the creation of mortgage, the original lease relations shall not be affected by the mortgage.

REGULATIONS RELATING TO THE PLANNING AND CONSTRUCTION

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) (the "**Urban and Rural Planning Law**") promulgated by the SCNPC on October 28, 2007, implemented on January 1, 2008 and latest revised on April 23, 2019, a construction land planning permit is required for the right to use the State-owned land acquired by assignment and appropriation. According to the Urban and Rural Planning Law, to build any structure, fixture, road, pipeline or other engineering project within a city or town planning area, the construction entity or individual shall apply to the competent department of urban and rural planning under the people's government of the city or county or the town people's government specified by the people's government of the province, autonomous region or municipality directly under the central government for a planning permit on construction project.

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997, implemented on March 1, 1998 and revised on April 22, 2011 and April 23, 2019, construction units shall, in accordance with the relevant provisions of mainland China, apply to the competent construction administrative departments under the prefecture-county governments or above for construction licences.

According to the Rules on the Administration of Construction Quality (《建設工程質量管理條例》) promulgated by the State Council on January 30, 2000 and amended on October 7, 2017 and April 23, 2019, and the Administrative Measures for Recording of the Inspection and Acceptance on Construction Completion of Buildings and Municipal Infrastructures (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated and implemented by the former Ministry of Construction on April 4, 2000 and amended on October 19, 2009, construction project shall not be delivered for use unless it has passed the completion-based check. The construction entity should file a record to a competent construction administrative department of the people's government at or above the county level of the place where the project is located within 15 days from the day when the construction project passes the acceptance check.

Pursuant to the Fire Safety Law (《消防法》) as promulgated by the SCNPC in April 1998 and last amended on April 29, 2021 and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Project (《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 in April 2020, the construction entity of a large-scale crowded venue (including the construction of a

manufacturing plant whose size is over 2,500 square meters) and other special construction projects must apply for fire prevention design review with fire control authorities, and complete fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must complete the filing for fire prevention design and the fire safety completion inspection and acceptance procedures within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such venue is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to (i) orders to suspend the construction of projects, use of such projects, or operation of relevant business, and (ii) a fine between RMB30,000 and RMB300,000.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection

Laws and regulations relating to environmental protection enterprises conducting manufacturing activities in mainland China are subject to provisions under PRC environmental laws and regulations on noise, waste water, gas emissions and other industrial waste. The major governing environmental laws and regulations consist of the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was most recently amended on April 24, 2014 and became effective on January 1, 2015, the Law on the Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), which was most recently amended on June 27, 2017 and became effective on January 1, 2018, the Law on the Prevention and Control of Air Pollution of the PRC (《中華人民共和國大氣污染防治法》), which was most recently amended and became effective on October 26, 2018, the Law on the Prevention and Control of Solid Waste Pollution of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was most recently amended on April 29, 2020 and became effective on September 1, 2020, and the Law of the PRC on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》), which was promulgated on December 24, 2021 and came into effective on June 5, 2022 (collectively the "**Environmental Laws**"). Pursuant to the Environmental Laws, enterprises in mainland China shall build requisite environmental treatment facilities affiliating to the manufacturing facilities, where gas emissions, waste water and solid waste generated can be treated properly in accordance with the relevant provisions.

Environmental Impact Assessment and Acceptance of Environmental Protection of Construction Projects

Pursuant to the Law on the Evaluation of Environment Effects of the PRC (《中華人民共和國環境影響評價法》), which was promulgated on October 28, 2002 and was amended on July 2, 2016 and on December 29, 2018, the Administrative Regulations on the Environmental Protection for Construction Projects (《建設項目環境保護管理條例》), which was promulgated on November 29, 1998 and amended on July 16, 2017 and became effective on October 1, 2017, and the Interim Measures for the Acceptance Inspections of Environment Protection Facilities of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the Ministry of Environmental Protection of the PRC on November 20, 2017, enterprises that are planning construction projects should provide assessment reports, statement or registration form on the environmental impact of such projects. The assessment reports and statements must be approved by the competent environmental protection authorities prior to commencement of any construction work, while the registration forms shall be filed to them. Unless otherwise stipulated by laws and regulations, enterprises which are required to provide assessment reports and statements shall undertake the responsibility of acceptance inspections of the environmental protection facilities by itself upon the completion of the construction project. A construction project may be formally put into production or use only if the corresponding environmental protection facilities have passed the acceptance examination. The competent authorities may carry out spot check and supervision on the implementation of the environmental protection facilities.

Pollutant Discharge License

Pursuant to the Administrative Regulation for Pollutant Discharge Licensing (《排污許可管理條例》), which became effective on March 1, 2021, enterprises, public institutions and other producers and business operators that are subject to the administration of pollutant discharge permits in accordance with the provisions of the law shall apply for pollutant discharge permit in accordance with the provisions of these Regulations. Based on factors such as the amount

of pollutants produced, the amount of pollutants discharged and the impact on the environment, pollutant discharge units are subject to two different level of pollutant discharge permit administration, namely priority administration and simplified administration.

The Prevention and Technological Policies for Pollution of Hazardous Waste (《危險廢物污染防治技術政策》), which was promulgated on December 17, 2001, and the Prevention and Technological Policies for Pollution of Waste Batteries (《廢電池污染防治技術政策》), which was promulgated on October 9, 2003 and last amended with immediate effect on December 26, 2016, emphasize that waste lead-acid batteries shall be recycled and shall not be disposed of in other ways. The collection and delivery of waste lead-acid batteries shall be within the scope of hazardous waste management. Furthermore, the Prevention and Technological Policies for Pollution of Used Batteries (《廢電池污染防治技術政策》) further stipulates that manufacturers and importers of rechargeable batteries, such as lead-acid batteries and lithium-ion batteries, and manufactures who manufacture products by using rechargeable batteries shall be responsible for the recycling of waste batteries. The responsible parties shall direct and arrange for the establishment of a recycling system for waste batteries in accordance with the marketing channels for their own products or appoint relevant entities under the recycling system to carry out the recycling effectively.

REGULATIONS RELATING TO INFORMATION SECURITY AND PERSONAL INFORMATION PROTECTION

The PRC Civil Code (《中華人民共和國民法典》), which was issued by the NPC on May 28, 2020 and took effect on January 1, 2021 provides that natural persons' personal information shall be protected by law and any organizations and individuals shall legally collect personal information and ensure the security of personal information collected. It is not allowed to illegally collect, use, process or transfer the personal information, or illegally buy or sell, provide or make public the personal information of others. Personal information of natural persons refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify the natural persons' names, dates of birth, ID numbers, biometric information, addresses, telephone numbers, e-mail addresses, health information, whereabouts, etc. The processing of personal information shall be subject to the principle of legitimacy, rightfulness and necessity, with no excessive processing. The PRC Civil Code has revised the Internet tort liability and further elaborated on "safe harbor" rule with respect to an internet service provider from both the aspects of notice and counter notice, including (i) upon receiving notice from the right holder, promptly adopting necessary protective measures such as deletion, screening or disconnection of hyperlinks and reefing right holder's notice to disputed internet user; and (ii) upon receiving counter-notice from the disputed internet user, referring such counter-notice to the claiming right holder and informing him/her to take other corresponding measures such as filing complaint with competent authorities or suit with courts.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1, 2017. Pursuant to the Cyber Security Law, network operators shall comply with laws and regulations and fulfil their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities and maintain the integrity, confidentiality and usability of network data. Network operators shall not collect the personal information irrelevant to the services they provide or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and network operators of key information infrastructure shall store all the personal information and important data collected and produced within the territory of mainland China. Their purchases of network products and services that may affect national security shall be subject to national cyber security review. The network operators who violate the aforesaid regulations may be ordered by the competent authority to make corrections, be given a warning, or be imposed a fine with different amounts.

The PRC Data Security Law (《中華人民共和國數據安全法》) was promulgated on June 10, 2021 and became effective on September 1, 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when

such data is tampered with, destroyed, leaked, or illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information. Violation of the PRC Data Security Law may subject the relevant entities or individuals to warning, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even criminal liabilities. According to the PRC Data Security Law, the maximum monetary fine imposed on the breaching party is RMB10 million.

On December 28, 2021, the Cyberspace Administration of China and certain other PRC regulatory authorities published the Measures for Cybersecurity Review (《網絡安全審查辦法》), which became effective on February 15, 2022, replacing the Measures for Cybersecurity Review in 2020. Pursuant to the new measures, critical information infrastructure operators that purchase network products and services and network platform operators engaging in data processing activities that affect or may affect national security must be subject to the cybersecurity review. A network platform operator that has the personal information of more than one million users must apply for a cybersecurity review when it seeks to list in a foreign country. The Measures for Cybersecurity Review further elaborates the factors to be considered when assessing the national security risks of the relevant activities, including, among others: (i) the risk of core data, important data, or a large amount of personal information being stolen, leaked, destroyed, and illegally used or exited the country, and (ii) the risk of critical information infrastructure, core data, important data, or a large amount of personal information being affected, controlled, or maliciously used by foreign governments after listing abroad.

On November 14, 2021, the Cyberspace Administration of China issued the Administration Governing the Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Cyber Data Security Regulations**"). The Draft Cyber Data Security Regulations have set out requirements on matters such as the protection of personal information, security of important data, security management of cross-border data transfer, application for cybersecurity review and obligations of internet platform operators. Pursuant to the Draft Cyber Data Security Regulations, data processors carrying out the following activities must, in accordance with the relevant national regulations, apply for a cybersecurity review: (i) the merger, reorganization or spin-off of Internet platform operators that possess a large number of data resources related to national security, economic development and public interests that affects or may affect national security; (ii) listing in a foreign country of any data processors that process the personal information of more than one million users; (iii) listing in Hong Kong of data processors, which affects or may affect national security; and (iv) other data processing activities that affect or may affect national security. The Draft Cyber Data Security Regulations did not define the scope of and threshold for determining what "affects or may affect national security." The term "national security" is defined as "the status of National regime, sovereignty, unity and territorial integrity, people's well-being, sustainable economic and social development, and other major national interests that are relatively safe and free from internal and external threats, as well as the ability to ensure continuous security" in the National Security Law of the PRC (2015) (《中華人民共和國國家安全法》(2015)). In the absence of further explanation or interpretation, the government authorities in mainland China may have wide discretion in the interpretation of "affects or may affect national security." As of the Latest Practicable Date, the Draft Cyber Data Security Regulations has not come into effect.

Pursuant to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which were promulgated on July 7, 2022, and came into effect on September 1, 2022 by the Cyberspace Administration of China, to provide data abroad, a data processor falling under any of the following circumstances shall, through the local cyberspace administration at the provincial level, apply for security assessment of outbound data: (i) where a data processor provides critical data abroad; (ii) where a key information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the Cyberspace Administration of China for which declaration for security assessment for outbound data transfers is required.

On August 20, 2021, the SCNPC issued the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which took effect on November 1, 2021. It integrates the scattered rules with respect to personal information rights and privacy protection and aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free

flow of personal information in accordance with the law, and promoting the reasonable use of personal information. Personal information, as defined in the Personal Information Protection Law, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding the anonymized information. The Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained or where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligations of the third party who has access to the personal information by way of co-processing or delegation.

As of the Latest Practicable Date, (i) we had not received any notification from relevant PRC government authorities identifying us as a critical information infrastructure operator, (ii) we had not received any inquiry, notice, warning from any PRC government authorities, and have not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by our business operations or Listing, we had not received any notification from any PRC government authorities informing us that we need to proceed a security assessment, (iii) we are production-oriented enterprises, rather than internet companies, our business operation do not heavily rely on the internet and data we collect and generate, (iv) the data we collect and generate within the territory of mainland China was stored within the territory of mainland China, and our daily operations and Listing had not been involved in cross-border transfer of identified core data, important data or a large amount of personal information, (v) we had implemented effective cybersecurity and data protection policies, procedures, and measures to ensure secured storage and transmission of data and prevent unauthorized access or use of data, and (vi) we continuously followed the legislative and regulatory development in cybersecurity and data protection, adjusted and enhanced data practices in a timely manner to ensure compliance with all applicable laws and regulations, we will closely monitor the legislative and regulatory development in connection with cybersecurity and data protection and will adjust and enhance data practices in a timely manner to ensure compliance with all applicable laws and regulations.

Based on the aforesaid, our PRC Legal Advisors do not foresee any material legal impediment for our Company to undertake measures to comply with the Measures for Cybersecurity Review and the Draft Cyber Data Security Regulations should they be adopted in the current form in all material respects. However, our PRC Legal Advisors have also advised us that, given that (i) there is no clear explanation or interpretations as to how to determine what activities "affect or may affect national security" under the current effective PRC laws and regulations, (ii) the identification of critical information infrastructure operators and the scope of network products or services and data processing activities that affect or may affect national security remain unclear and are subject to interpretation by relevant PRC government authorities, and (iii) the PRC government authorities have discretion in interpreting the regulations, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC Legal Advisors. Considering the aforesaid and the Company's confirmation, our PRC Legal Advisor are of the view that the Measures for Cybersecurity Review and the Draft Cyber Data Security Regulations (if implemented in current forms) would not have a material adverse impact on our Group's business operations or our Company's proposed Listing in Hong Kong.

Based on the foregoing and as advised by the PRC Legal Advisors and based on the due diligence work conducted by the Sole Sponsor, the Sole Sponsor concurred with the PRC Legal Advisors that the Measures for Cybersecurity Review and the Draft Cyber Data Security Regulations (if implemented in current forms) would not have a material adverse impact on our Group's business operations or our Company's proposed Listing in Hong Kong.

REGULATIONS RELATING TO M&A RULES AND OVERSEAS LISTING

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the M&A Rules, which became effective on September 8, 2006, and was revised on June 22, 2009, governing the mergers and acquisitions of domestic enterprises by foreign investors. The M&A Rules, among other things, require that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by companies or individuals in mainland China through acquisitions of shares of or equity interests in domestic companies in mainland China, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

In addition, in 2011, the General Office of the State Council promulgated the Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》) (the "**Circular 6**"), which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, MOFCOM promulgated the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》), took into effective in September 2011, to implement Circular 6. Under Circular 6, security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns and mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises with "national security" concerns. Under the foregoing MOFCOM regulations, MOFCOM will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If MOFCOM decides that a specific merger or acquisition is subject to a security review, it will submit it to the Inter-Ministerial Panel, an authority established under Circular 6 led by the NDRC, and MOFCOM under the leadership of the State Council, to carry out security review. The Rules prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. There is no explicit provision or official interpretation stating that the merging or acquisition of a company mainly engaged in the design, development, manufacturing, marketing, and sales of electric two-wheeled vehicles requires security review, and there is no requirement that acquisitions completed prior to the promulgation of the Security Review Circular are subject to MOFCOM review. On December 19, 2020, the NDRC and MOFCOM jointly promulgated the Measures for the Security Review for Foreign Investment (《外商投資安全審查辦法》), which became effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment will lead the task together with MOFCOM. Foreign investor or relevant parties in China must declare the security review to the aforesaid office prior to the investments in, among other industries, important cultural products and services, important information technology and internet products and services, important financial services, key technologies, and other important fields relating to national security and obtain control in the target enterprise.

On July 6, 2021, the relevant PRC governments promulgated the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), among which it is mentioned that the administration and supervision of overseas-listed China-based companies will be strengthened, and the special provisions of the State Council on overseas issuance and listing of shares by such companies will be revised, clarifying the responsibilities of relevant domestic industry regulatory authorities and other regulatory authorities.

On February 17, 2023, with the approval of the State Council, the CSRC released 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》) and five supporting guidelines, which became effective on March 31, 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in mainland China or its main places of business are located in mainland China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in mainland China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible

for all filing procedures with the CSRC, and where an issuer makes an application for the Listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

Pursuant to the Trial Measures, an overseas offering and listing is explicitly prohibited, if: (i) such securities offering and listing is explicitly prohibited by Laws and Regulations; (ii) the intended overseas securities offering and listing may endanger national security as determined by competent authorities under the State Council in accordance with Laws and Regulations; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of Laws and Regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that (1) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements; and (3) the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of companies with contractual arrangements which duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize two markets and two kinds of resources.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Provision on Confidentiality"), which became effective on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses documents and materials involving state secrets and working secrets of state organs ("relevant documents and materials") to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses relevant documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit 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 complete 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 provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and out-of-country transfers shall go through the examination and approval formalities in accordance with the relevant provisions of the State.