DUTCH LAWS AND REGULATIONS

We are subject to various laws and regulations that are relevant to our business operations in the Netherlands.

Product Safety

The product safety framework applicable to e-bikes in the Netherlands consists of a combination of horizontal EU product safety legislation and sector-specific EU harmonization legislation, as implemented and enforced at national level.

At EU level, the core horizontal framework is the Regulation (EU) 2023/988 (*General Product Safety Regulation*, GPSR), which applies to all consumer products placed on or made available on the EU market. For e-bikes as regulated products, the primary sector-specific safety regime is the EU machinery safety framework, currently based on the Directive 2006/42/EC (*Machinery Directive*) and, as of 20 January 2027, the Regulation (EU) 2023/1230 (*Machinery Regulation*). This regime sets the essential health and safety requirements and the conformity assessment framework applicable to electrically power assisted bicycles (with pedal assistance up to 25 km/h and a maximum power output of 250 watts). In addition, other EU product harmonization legislation may apply in parallel, depending on the technical configuration of the e-bike and its components.

In the Netherlands, this EU product safety framework is implemented and enforced primarily through the Dutch Commodities Act (*Warenwet*) and the implementing decrees adopted thereunder, in particular the Decree on Machinery under the Dutch Commodities Act (*Warenwetbesluit machines*) and the Decree on Electrical Equipment under the Dutch Commodities Act (*Warenwetbesluit elektrisch materiaal*).

Under this framework, economic operators placing or making e-bikes available on the Dutch and EU market are required to ensure that only safe products are placed on the market, and that e-bikes comply with the applicable essential health and safety requirements. They must carry out the appropriate conformity assessment procedures, maintain technical documentation demonstrating conformity, issue a valid EU declaration of conformity, and affix the required CE marking and mandatory product information. Traceability requirements must be fulfilled, including the identification of the relevant economic operators in the supply chain, and storage and transport conditions do not jeopardize the conformity and safety of the e-bikes. Once products are on the market, effective post-market monitoring procedures are in place to identify safety risks, and where a risk is identified, corrective measures are taken without delay, including withdrawal, recall and consumer warnings as necessary. In the event of product safety incidents, non-compliance or enforcement actions, the competent authorities shall be informed and fully cooperated with.

Product and Environment

The Regulation (EU) 2023/1542 (*Batteries Regulation*) establishes a harmonized EU framework governing the placing on the market and putting into service of batteries, covering sustainability, safety, conformity, labeling and information requirements. The Regulation expressly applies to light means of transport ("**LMT**") batteries, which include traction batteries used in e-bikes.

Under this Regulation, economic operators must ensure that batteries placed on the EU market comply with the applicable safety and performance requirements and can demonstrate such conformity.The Regulation also establishes a harmonized extended producer responsibility ("**EPR**") regime for batteries, including obligations relating to the registration, reporting and the organization and financing of the collection, treatment and recycling of waste batteries. In addition to these already applicable obligations, the Regulation introduces several new requirements including general rules on battery labeling, carbon footprint, the introduction of a battery passport, as well as a specific requirement for LMT batteries concerning their removability and replaceability. The Regulation provides for a phased application of these requirements, with different obligations entering into force on different dates.

In addition to the Regulation (EU) 2023/1542 (*Batteries Regulation*), the Directive 2012/19/EU (*WEEE Directive)* and the Directive 94/62/EC (*PPW Directive*) form the EU's EPR framework for products. The WEEE Directive establishes the EPR regime for the waste electronic and electric equipment ("**WEEE**") and the PPW Directive establishes the EPR regime for the packaging waste, each of which includes obligations relating to registration, reporting, and the organization and financing of the collection, treatment and recycling of respective waste streams.

In the Netherlands, the WEEE Directive is implemented through the Regulation on Discarded Electrical and Electronic Equipment (*Regeling afgedankte elektrische en elektronische apparatuur*). Under this regime, producers, including entities that place electronic and electric equipment (EEE) on the Dutch market under their own brand, are responsible for complying with the applicable EPR obligations. From an operational perspective, producers in the Netherlands typically fulfil their WEEE obligations by participating in the national collective compliance system operated by Stichting OPEN, through which registration in the national register and the payment of the applicable waste management contribution are organized.

In parallel, the PPW Directive is implemented primarily through the Decree on the Management of Packaging 2014 (*Besluit beheer verpakkingen 2014*) and the related implementing rules. Under this regime, producers and importers that place packaged products on the Dutch market are responsible for complying with packaging EPR obligations. From an operational perspective, producers in the Netherlands typically fulfil their packaging EPR obligations through participation in the national collective compliance scheme operated by *Verpact*, which organizes, among other things, the collection and recycling system and the payment of the packaging waste management contribution.

Consumer Protection

The EU consumer protection legal framework is primarily established by three directives: the Directive 2005/29/EC (*Unfair Commercial Practices Directive*), the Directive 2011/83/EU (*Consumer Rights Directive*) and the Directive (EU) 2019/771 (*Sale of Goods Directive*). Together, these instruments create a common EU framework for consumer marketing practices, online contracting and consumer rights and remedies for purchased goods.

In the Netherlands, this EU consumer protection framework is implemented mainly through the Dutch Civil Code (*Burgerlijk Wetboek*) with the relevant rules set out in specific parts of Book 6 and in Book 7. These provisions form the core of Dutch consumer protection law and transpose the above EU directives. Substantively, Dutch consumer protection law regulate four main areas. Firstly, traders are prohibited from engaging in unfair commercial practices, encompassing both misleading conduct and aggressive conduct. Secondly, for distance and online contracts, extensive pre-contractual information obligations apply, covering trader's identity, main product characteristics, total price, delivery and payment arrangements, and the statutory 14-day withdrawal right. In addition, traders must ensure that the contract is confirmed to the consumer on a durable medium. Thirdly, Dutch law contains a system for controlling unfair terms in consumer contracts, under which unfair clauses may be set aside, with certain types of clauses deemed or presumed unfair. Finally, mandatory rules for consumer sales contracts require goods conform to the contract and a harmonized set of consumer remedies in the event of non-conformity, such as repair, replacement, price reduction and termination of the contract, as well as specific rules on the burden of proof.

In addition to the consumer protection framework outlined above, e-commerce services in the Netherlands must also comply with Directive (EU) 2019/882 (*The European Accessibility Act*) from 28 June 2025 onwards. The Act requires service provider to ensure that their digital interfaces are accessible to users with disabilities, generally aligns with the internationally recognized Web Content Accessibility Guidelines. In the Netherlands, The Act is implemented via the Implementation Act on Accessibility Requirements for Products and Services (*Implementatiewet toegankelijkheids-voorschriften producten en diensten*), with the Authority for Consumers and Markets ("**ACM**") appointed as the enforcement authority for e-commerce services.

Competition

In the Netherlands, the conduct of undertakings is regulated by Article 101 and 102 of the Treaty on the Functioning of the European Union (TFEU), the Regulation (EC) 139/2004 (*Merger Control Regulation*) and the Dutch Competition Act (*Mededingingswet*). These rules are designed to ensure that economic operators (undertakings) operate in a fair and competitive market, thereby safeguarding an effective level of competition. Under the Dutch Competition Act, it is expressly prohibited to abuse a dominant market position or to participate in cartels or other agreements or concerted practices that restrict competition.

Trade and Custom

The EU imposes anti-dumping and countervailing measures under a comprehensive legal framework. Regulation (EU) 2016/1036 (*Anti-dumping Regulation*) and Regulation (EU) 2016/1037 (*Anti-subsidy Regulation*) set out rules for investigating and imposing duties on dumped or subsidised imports that cause injury to the EU domestic industry. These have been supplemented by subsequent amendments, including Regulation (EU) 2017/2321 (*Market Distortion Amendment Regulation*) and Regulation (EU) 2018/825 (*Trade Defence Modernisation Regulation*), which introduced changes to the calculation of dumping margins, investigation procedures, and rules on non-market economy treatment.

Specific anti-dumping and countervailing measures apply to electric bicycles originating in China. Following an expiry review, the definitive anti-dumping duties and countervailing duties have been extended for a further five years until January 2030. The current applicable measures are set out in Implementing Regulation (EU) 2025/120 imposing definitive anti-dumping duties on complete e-bikes from China, succeeding Implementing Regulation (EU) 2019/73 (*E-bike Anti-dumping Regulation*) and Implementing Regulation (EU) 2025/114 imposing definitive countervailing duties on e-bikes from China, succeeding Implementing Regulation (EU) 2019/72 (*E-bike Countervailing Duty Regulation*). The anti-dumping duties range from approximately 10.3% to 70.1% depending on the exporter, while the countervailing duties range from approximately 3.9% to 17.2%.

For conventional (non-electric) bicycles originating in China, the EU has also adopted anti-dumping measures through Council Regulation (EEC) 2474/93 (*Bicycle Anti-dumping Regulation*). As an anti-circumvention measure, these duties have been extended to certain bicycle parts by Council Regulation (EC) 71/97 (*Bicycle Parts Anti-Dumping Extension Regulation*), covering key components such as frames, forks, transmission systems, brakes, wheels and handlebars (of both conventional and electric bikes). An exemption regime under Commission Regulation (EC) 88/97 (*Bicycle Parts Exemption Regulation*) allows certain imports of bicycle parts to be exempted from the extended duties where:

(a) the final consignee is an assembler which has been granted an exemption under this Regulation;

(b) the final consignee holds a valid end-use authorization;

(c) the average monthly import volume does not exceed 300 units per type over 12 months; or

(d) the parts are used for the assembly of bicycles fitted with an auxiliary motor (TARIC additional code 8835) or non-bicycle vehicles.

Data and Information Technology

Regulation (EU) 2016/679 (*General Data Protection Regulation* or GDPR) applies to all organizations that process personal data of individuals in the EU. It sets out binding rules for the collection, use, storage, and sharing of personal data, with the aim of strengthening the protection of privacy and fundamental rights. It imposes obligations such as transparency, data minimization, appropriate security measures and adherence to data subject rights (including access, rectification, and erasure).

In the Netherlands, the GDPR is implemented by the GDPR Dutch implementation Act (*Uitvoeringswet Algemene verordening gegevensbescherming* or *UAVG*) which provides national rules and clarifications where the GDPR allows Member State discretion. The UAVG mostly covers the processing of citizen service numbers (BSN) and other special category data.

Regulation (EU) 2023/2854 (*Data Act*) is applicable to businesses that manufacture or provide connected products or related digital services in the EU. The Data Act complements Regulation (EU) 2022/868 (*Data Governance Act*) and establishes binding rules on access to and use of data generated by connected products and related services. It clarifies and expands users' rights to access and use data generated by connected products and related services to share it with third parties of their choice. These requirements have implications for product design, data governance and technical infrastructure. In the Netherlands, the Data Act is implemented through the Dutch Data Act Implementation Act (Uitvoeringswet Dataverordening), pursuant to which, Enforcement powers under the Data Act are primarily vested in the ACM and, insofar as the processing of personal data is concerned, the Dutch Data Protection Authority (Autoriteit Persoonsgegevens).

Directive (EU) 2022/2555 (*NIS2 Directive*) entered into force in 2023 and further broadens cybersecurity rules previously established by Directive (EU) 2016/1148 (NIS Directive). It establishes a harmonized EU framework for cybersecurity risk management, incident reporting, supervision and enforcement. The Directive applies to medium-sized and large entities, and certain entities designated as 'essential' or 'important' entities, operating in specified sectors in the EU. It contains three main obligations (i) a duty of care requiring business to conduct risk assessments and implement appropriate technical and organizational measures to ensure the continuity of services and the protection of network and information systems; (ii) a duty to report incidents that have or may have a significant disruptive effect on the provision of services; and (iii) a supervision obligation, meaning entities within scope are subject to regulatory supervision.

Regulation (EU) 2024/1689 (*AI Act*) applies where an AI system is placed on the market, put into service or used in the European Union. The most extensive and detailed compliance obligations apply to high-risk AI systems. In addition, the AI Act contains a number of horizontal obligations and restrictions that are relevant regardless of whether an AI system is classified as high-risk, including in particular: (i) a prohibition on certain unacceptable and manipulative or deceptive AI practices; (ii) a general obligation for organizations using AI systems to ensure an appropriate level of AI literacy among relevant staff; and specific transparency obligations for certain AI systems, including an obligation to inform individuals where an AI system is designed to interact directly with them. The AI Act applies on a phased basis.

Employment and Labor Relations

Book 7 of the Dutch Civil Code, in particular Title 10, contains the core statutory rules governing employment relationships in the Netherlands and applies to employers and employees. These rules cover, *inter alia*, probation periods, holidays and leave, notice periods, sickness, and termination of employment. Where deviations from statutory rules are permitted, this is explicitly provided for by law, typically through a collective labor agreement (CLA) or, in limited cases, an individual employment contract. In addition to the contractual employment law rules under the Dutch Civil Code, employers in the Netherlands are subject to a range of mandatory public law and regulatory requirements governing working conditions, employee entitlements, workplace safety and employment-related administration.

In the Netherlands, collective labor agreements (*collectieve arbeidsovereenkomsten*, CAOs) are governed primarily by the Collective Labor Agreements Act (*Wet op de collectieve arbeidsovereenkomst*) and the Generally Binding and Non-Binding of Collective Labour Agreement Provisions Act (*Wet op het algemeen verbindend en onverbindend verklaren van bepalingen van collectieve arbeidsovereenkomsten*). Under this framework, a CAO is an agreement concluded between one or more employers (or employers' organizations) and one or more trade unions, regulating employment conditions such as remuneration, working hours, allowances, leave arrangements and other terms of employment. Where a CAO has been declared generally binding (algemeen verbindend verklaard, *AVV*) by the Dutch Minister of Social Affairs and Employment, its mandatory provisions apply to all employers and employees falling within its scope, irrespective of whether the employer is a party to the CAO. As a result, employers whose activities fall within the scope of an AVV-declared CAO are required to apply the mandatory employment conditions set out in that CAO to their employees.

The sector-specific collective labor agreement applicable to the two-wheeler sector is the Collective Labor Agreement for the Motor Vehicle and Two-Wheeler Sector (*CAO voor het motorvoertuigenbedrijf en het tweewielerbedrijf*). The most recent CAO covers the period 2025–2027. For employers that are members of BOVAG, the CAO applies as from 1 February 2025. Following its declaration as generally binding (*algemeen verbindend verklaard*) as per 16 September 2025, the mandatory provisions of this CAO apply to all employers and employees within the scope of the motor vehicle and two-wheeler sector as from that date. Failure to comply with an applicable CAO may result in civil claims by employees and trade unions, including claims for retroactive payment of wages and other benefits and the retroactive correction of employment conditions, and, in certain cases, liability for damages.

The Dutch occupational pension framework is primarily governed by the Pensions Act (*Pensioenwet*). This Act regulates the general legal framework for occupational pension schemes, including employees' pension rights, information obligations, governance and supervision of pension funds and pension administrators. In addition, mandatory participation in a sector pension fund is governed by the Mandatory Participation in an Industry-wide Pension Fund Act 2000 (*Wet verplichte deelneming in een bedrijfstakpensioenfonds 2000*).

This Act enables the Dutch government, by ministerial decision, to declare participation in a designated sector pension fund mandatory for all employers whose activities fall within the defined scope of that sector. For the metal and technology sector, which includes the two-wheeler industry, the designated mandatory sector pension fund is Pension Fund for Metal and Technique (Stichting Pensioenfonds Metaal & Techniek or PMT).Employers subject to the mandatory participation must register with PMT, provide complete and accurate employee and salary data, pay the applicable pension contributions, comply with reporting obligations and comply with audits and enforcement.Failure to comply with these obligations may entitle PMT to claim outstanding pension contributions retroactively, together with statutory interest and collection costs.

PORTUGUESE LAWS AND REGULATIONS

We are subject to various laws and regulations that are relevant to our business operations in Portugal.

Product Safety and Labeling

General Product Safety (Regulation (EU) 2023/988 of 10 May 2023)

Product safety in Portugal is primarily governed by Regulation (EU) 2023/988, under which economic operators can only place on the market or make available safe products. When assessing product safety, specific features of the product must be taken into account, including its design, technical features, composition, packaging, instructions for assembly and, where applicable, installation, use and maintenance, as well as the effect on other products where interconnection between products is reasonably foreseeable.

Prior to placing products on the market, manufacturers are required to ensure that the products have been designed and manufactured in compliance with the applicable safety requirements, to carry out internal risk analyses and to draw up technical documentation containing at least a general description of the product and its essential characteristics relevant for assessing its safety.

Manufacturers are also required to ensure that products bear a type, batch or serial number or other element enabling the identification of the product, which is easily visible and legible for consumers. Where the size or nature of the product does not allow for this, the required information must be included on the packaging or in a document accompanying the product.

Accreditation and Market Surveillance Requirements Relating to the Marketing of Products (Regulation (CE) 765/2008 of 8 July 2008)

Regulation (EC) 765/2008 establishes a framework for the market surveillance of products in order to ensure compliance with requirements providing a high level of protection of public interests, including general health and safety, health and safety at the workplace, consumer protection, environmental protection and security. The CE marking was created within this context, and consists of a marking by which the manufacturer indicates that the product is in conformity with the applicable requirements set out in EU harmonization legislation providing for its affixing.

Each Member State has appointed a single national accreditation body. In Portugal, such entity is the "*Instituto Português de Acreditação*" (the Portuguese Accreditation Institute). The CE marking is affixed only by the manufacturer or its authorized representative, and results in the manufacturer indicating that it takes responsibility for the conformity of the product.

Waste Management

Management of Waste Electrical and Electronic Equipment and Packaging (Decree-Law no. 152-D/2017, December 11)

Decree-Law no. 152-D/2017 establishes a unified regime for specific waste streams subject to the principle of extended producer responsibility, transposing Directives 2015/720/EU, 2016/774/EU, and 2017/2096/EU.

In specific waste streams managed under the extended producer responsibility regime, the financial or financial and operational responsibility for managing the life-cycle stage of products when they reach end of life and become waste is assigned, in whole or in part, to the producer of the product, the packer, and the supplier of service packaging. Stakeholders involved throughout the product life cycle, from design and manufacture through distribution, placing on the market and use, to the handling of the corresponding waste, are jointly responsible for its management and must contribute, to the extent of their respective involvement and responsibility, to the functioning of the relevant management systems.

Producers, packers that use non-reusable packaging and suppliers of non-reusable service packaging are required to manage the relevant waste through either individual or integrated management systems, which are subject, respectively, to authorization or licensing pursuant to the applicable legislation.

Batteries and Waste Batteries (Regulation (EU) 2023/1542 of 12 July 2023)

Regulation (EU) 2023/1542 establishes requirements on sustainability, safety, labeling, marking and information applicable to batteries placed on the market or put into service within the EU. It also establishes the minimum requirements for extended producer responsibility, collection and treatment of waste batteries and related reporting obligations. Specifically for waste batteries, the Regulation provides that producers must be registered as such in each relevant Member State, and makes them responsible, under the extended producer responsibility regime, for batteries they make available on the market for the first time within a Member State.

Furthermore, producers of removable batteries shall ensure that all waste removable batteries are collected separately in the territory of a Member State where they make removable batteries available on the market for the first time, with collection arrangements being proportionate to the volume and characteristics of the batteries placed on the market. Distributors are required to take back waste batteries from the end-user free of charge and without imposing an obligation on the end-user to buy or to have bought a new battery.

Customs and Trade

Import and export activities in Portugal are governed by the general customs and trade framework applicable within the EU. Accordingly, as an EU Member State, Portugal applies the EU legal regime concerning various dimensions of international trade, including anti-dumping duties, subsidies and countervailing measures, sanctions and export controls.

With regard to anti-dumping, Regulation (EU) 2016/1036 of 8 June 2016 establishes the EU framework on protection against dumped imports from countries not members of the EU and is implemented through Commission Implementing Regulation (EU) 2025/120 of 23 January 2025, which imposes definitive anti-dumping duties on imports of electric bicycles originating in the People's Republic of China.

As regards countervailing measures, Regulation (EU) 2016/1037 of 8 June 2016 establishes the EU framework on protection against subsidized imports from non-EU countries and is implemented through Commission Implementing Regulation (EU) 2025/114 of 23 January 2025, which imposes definitive countervailing duties on imports of electric bicycles originating in the People's Republic of China. In this respect, the applicable anti-dumping duty rates range from 10.3% to 70.1%, and the applicable countervailing duties range from 3.9% to 17.2%.

Licensing

Activity Licensing

Under Portuguese law, the assembly and sale of electric bicycles are not subject to any industry-specific licensing or regulatory authorization requirements.

Facilities Licensing

In Portugal, the use of real estate properties is generally subject to compliance with the applicable urban planning and municipal licensing framework, and to the issuance of the relevant municipal use title, confirming the authorized use of the premises in accordance with the applicable municipal planning instruments.

Employment

Employment matters in Portugal are primarily governed by the Portuguese Labor Code, approved by Law No. 7/2009, of 12 February. The Labor Code regulates the key aspects of employment relationships, including employment contracts, working time, holiday entitlements, parental rights, termination of employment, amongst other aspects. In addition to statutory legislation, employment relationships may also be governed by the collective bargaining agreement applicable to the relevant sector. This agreement establishes terms and conditions governing employment relationships that may differ from those set out in the general Portuguese labor law, typically in a manner more favorable to employees.

Health and Safety

In the field of occupational safety and health, the key legislation is Law No. 102/2009, of 10 September, which sets out the legal regime for promoting and ensuring safety and health at work, and transposes the EU Framework Directive 89/391/EEC.

In general, this regime determines that employers must ensure safe and healthy working conditions in all aspects of work, including through the identification and assessment of specific workplace risks, the implementation of appropriate preventive and protective measures, the provision of adequate information and training to employees, the organization of occupational health and safety services and the establishment of emergency procedures.

PRC LAWS AND REGULATIONS

We are subject to various laws and regulations that are relevant to our business operations in China.

Foreign Investment

The establishment, operation and management of companies in PRC are governed by the PRC Company Law (《中華人民共和國公司法》) which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993, came into effect on July 1, 1994 and was last revised on December 29, 2023. The latest revised PRC Company Law, which is also applicable to foreign-invested companies, mainly focused on improving the establishment and liquidation system of companies, optimizing organizational structures of companies, improving the capital system of companies, strengthening the responsibilities of the controlling shareholder and management, and enhancing the social responsibilities of companies, etc.

Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the National People's Congress (NPC) on March 15, 2019 and came into effect on January 1, 2020, the "Foreign Investment" refers to the investment activity directly or indirectly conducted by the foreign natural person, enterprise or other organization (hereinafter referred to as the "**foreign investors**"). The state applies the administrative system of pre-establishment national treatment plus negative list to foreign investment. Foreign Investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, national treatment will be given. The business forms, structures, and rules of activities of foreign-funded enterprises shall be governed by the PRC Company Law, the Partnership Law of the PRC (《中華人民共和國合夥企業法》) and other laws.

Pursuant to the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), issued by the MOFCOM and the SAMR on December 30, 2019 and came into effect on January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in the PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to such measures.

Import and Export Goods

Pursuant to the Regulations on the Administration over Import and Export of Goods of the PRC (《中華人民共和國貨物進出口管理條例》) which was promulgated by the State Council on December 10, 2001 and most recently amended on March 10, 2024, the PRC government exercises uniform administration over the import and export of goods, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), which was promulgated by the SCNPC on May 12, 1994 and last amended on December 27, 2025 with effect on March 1, 2026, unless otherwise provided by laws and regulations, the PRC government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

Pursuant to the Law of the People's Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) which was promulgated on February 21, 1989 and last amended on April 29, 2021, the import and export commodities which are listed in the catalog of import and export commodities subject to compulsory inspection shall be inspected in accordance with the compulsory requirements of the technical regulations of the State.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) issued by the SCNPC on January 22, 1987 and last amended and came into effect on April 29, 2021, 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.

Pursuant to the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) issued by the General Administration of Customs on 19 November 2021 and became effective on 1 January 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

Overseas Listing and M&A

On August 8, 2006, six PRC regulatory agencies jointly issued the M&A Rules which were effective on September 8, 2006 and amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign- invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets.

On February 17, 2023, 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》) (the "**Trial Measures**") and several supporting guidelines, which came into effect 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; (2) the determination as to whether or not an overseas offering and listing by domestic companies is indirect, shall be made on a substance over form basis; 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 offering and listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

On February 24, 2023, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering 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 "**Confidentiality Provisions**"), which came into effect on March 31, 2023. The Confidentiality Provisions aim to expand the applicable scope of the regulation to indirect overseas offerings and listings by PRC domestic companies and emphasize the confidentiality and archive management duties of PRC domestic companies during the process of overseas offerings and listings.

Overseas Investment

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

Pursuant to the Administrative Measures for Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise, or the investor, making an outbound investment shall obtain approval or conduct record-filing for outbound investment projects, report relevant information, and cooperate with the supervision and inspection. Sensitive projects, specifically including projects involving sensitive countries and regions and sensitives industries, carried out by investors directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive projects directly carried out by investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing. The NDRC shall promulgate the catalog of sensitive industries. The currently effective sensitive industry catalog is the Catalog of Sensitive Sectors for Overseas Investment (2018 Edition) 《境外投資敏感行業目錄(（2018年版）》), effective on March 1, 2018.

Intellectual Property Rights

Trademarks

According to the Trademark Law of the PRC (《中華人民共和國商標法》), which was last amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Detailed Rules for the Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, registered trademarks include commodity trademarks, service trademarks, collective trademarks and certificate trademarks. A registered trademark is valid for ten years and is renewable every ten years since the day after the expiration date of the previous term of validity of the trademark 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 (with an extension period of six months) prior to the expiration of the term.

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) which was most recently amended on October 17, 2020 and became effective on June 1, 2021, and its Implementation Rules (《中華人民共和國專利法實施細則》) which were most recently amended on December 11, 2023 and became effective on January 20, 2024, the patents are classified into three types, "invention", "utility model" and "design." Invention patents, design patents and utility model patents are valid respectively for twenty years, fifteen years and ten years, from the date of application.

Copyright and Computer Software Copyright

In accordance with the Copyright Law of the People's Republic China (《中華人民共和國著作權法》) which was latest amended on November 11, 2020 and effective on June 1, 2021, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not.

According to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), which was last amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, software created by Chinese citizens, legal entities or other organizations, whether published or not, shall enjoy copyright protection. Copyrights shall include the right of publication, authorship, alteration, reproduction, distribution, lease, translation, etc.

Cybersecurity, Data Security and Protection of Personal Information

Cybersecurity and Data Security

The PRC government has enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure. The PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which was latest amended by the SCNPC on October 28, 2025 and became effective on January 1, 2026, requires network operators, including internet information services providers among others, to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. The PRC Cybersecurity Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cybersecurity incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

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.

On March 22, 2024, the CAC issued the Provisions on Facilitating and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》) (the "**Cross-Border Data Flows Provisions**"), which requires that data processors shall apply to the national cyberspace administration for security assessment of cross-border data transfer under certain circumstances. Nevertheless, Articles 3 to 6 of the Cross-Border Data Flow Provisions also provide certain exemptions from applying for the security assessment or authentication, and entering into the standard contracts, including international trade, cross-border transportation, academic cooperation, transactional manufacturing, marketing and other activities that do not involve personal information or important data, among others.

On September 24, 2024, the State Council released the Cyber Data Security Administration Regulations (《網絡數據安全管理條例》) ("**Cyber Data Regulations**"), which came into force on January 1, 2025. The Cyber Data Regulations stipulate that internet data processors who carry out internet data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Administrative Measures for Internet Data Security also regulate other specific requirements in respect of the data processing activities conducted by data processors in the view of personal data protection, important data safety, data cross-broader safety management and obligations of network platform service providers.

Protection of Personal Information

Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that need to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public personal information of others.

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》), which took effect on November 1, 2021. The PRC Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances. No organization or individual may illegally collect, use, process or transmit personal information, illegally buy or sell, provide or make personal information public, or engage in the processing of personal information that endangers the national security or public interests.

Taxation

Enterprise Income Tax

On March 16, 2007, the NPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which was latest amended on December 29, 2018, and the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) which were latest amended on December 6, 2024 (collectively, the "**EIT Law**"). According to the EIT Law, a resident enterprise shall pay EIT on its income originating from both inside and outside PRC at an EIT rate of 25%. Foreign invested enterprises in the PRC fall into the category of resident enterprises, which shall pay EIT for the income originated from domestic and overseas sources at an EIT rate of 25%. High and new technology enterprises which are supported by the State may enjoy a preferential EIT rate of 15%. A non-resident enterprise having no office or establishment inside China, or a non-resident enterprise whose incomes have no actual connection to its office or establishment inside China must pay enterprise income tax on the incomes derived from China at a rate of 10%.

The EIT Law and its implementation rules, as well as the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) promulgated by the NPC and last amended on April 24, 2015, provide the rules of tax adjustment, which require the transactions between an enterprise and its related parties shall be made at arm's length principle. Where transactions between an enterprise and its related parties fail to comply with the arm's length principle and results in a reduction of the taxable income, the tax authorities shall have the right to make reasonable adjustments.

Transfer Pricing

According to the EIT Law and its Implementation Regulations, as well as the Tax Collection and Administration Law of the People's Republic of China (《中華人民共和國稅收徵收管理法》) that was most recently revised and effective on April 24, 2015, and the Implementing Regulations of the Tax Collection and Administration Law of the People's Republic of China (《中華人民共和國稅收徵收管理法實施細則》) that was most recently revised and effective on February 6, 2016, for business transactions between affiliated enterprises, the receipt or payment of prices and fees shall follow the arm's length principle. Where the receipt or payment of prices and fees does not follow the arm's length principle and results in a reduction of taxable income, the tax authorities shall have the right to make reasonable adjustments. Based on the Announcement of the State Taxation Administration on Matters Relating to the Improvement of the Administration of Related Party Transaction Reporting and Contemporaneous Documentation (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》) promulgated and became effective on June 29, 2016, enterprises which have related-party transactions and meet corresponding conditions shall prepare their contemporaneous documentation (同期資料) per tax year and submit to the tax authority if required by the same. Contemporaneous documentation includes master file (主體文檔), local file (本地文檔) and special issue file (特殊事項文檔). According to the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Agreement Procedures (《國家稅務總局關於發佈〈特別納稅調查調整及相互協商程序管理辦法〉的公告》) which partially repealed the Implementation Regulations for Special Tax Adjustments (Trial) (《特別納稅調整實施辦法(試行)》), and was issued on March 17, 2017 and became effective on May 1, 2017 and was amended on June 15, 2018, an enterprise may adjust and pay taxes at its own discretion when it receives a special tax adjustment risk warning or identifies its own special tax adjustment risks, while the tax authorities may also carry out special tax investigation and adjustment in accordance with the relevant provisions in regard to enterprises that adjust and pay taxes at their own discretion.

Value-Added Tax

Pursuant to the Value-added Tax of the PRC (《中華人民共和國增值税法》) promulgated by SCNPC on December 25, 2024 and became effective from January 1, 2026, which repealed the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值税暫行條例》), promulgated on December 13, 1993 and last amended on November 19, 2017, along with the Implementation Regulations for the Value-added Tax Law of the People's Republic of China (《中華人民共和國增值税法實施條例》) which was issued on December 25, 2025, and effective from January 1, 2026, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC shall be liable for Value-added Tax ("**VAT**"). Pursuant to the Announcement on the Value-added Tax Reduction and Exemption Policy for Small-scale VAT Taxpayers (《關於增值税小規模納税人減免增值税政策的公告》), small-scale VAT taxpayers whose taxable sales revenue shall be subject to the 3% levy rate shall be eligible for a reduced rate of 1% and the Announcement shall be in effect until December 31, 2027.

Dividend Withholding Tax

Pursuant to the EIT Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the shares of the PRC enterprise.

The SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (國家税務總局關於發佈《非居民納税人享受協定待遇管理辦法》的公告) (the "**SAT Circular 35**") on October 14, 2019, which became effective on January 1, 2020. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations.

Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996, and was latest amended on August 5, 2008. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration for Foreign Exchange of the PRC (the "**SAFE**") or its local counterpart is obtained.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), according to which, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration. On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of

Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"). According to Circular 19, the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises.

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**") which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**"), was promulgated by SAFE on June 9, 2016. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. 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 Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

The Notice for Further Advancing 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》) promulgated by the SAFE on October 23, 2019 and amended on December 4, 2023, which, among other things, allows all foreign investment enterprises to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局局關於優化外匯管理支持涉外業務發展的通知》) promulgated and effective on April 10, 2020, by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Real Estate Leasing

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on 5 July 1994, was last revised on 26 August 2019 and came into effect on 1 January 2020, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

According to the Civil Code, failure of the parties to the lease contract to complete the formalities for registration in accordance with the laws and administrative regulations shall not affect the validity of the contract.

Labor Laws and Social Insurance

According to the Labor Law of the PRC (《中華人民共和國勞動法》), or the Labor Law, which was promulgated by the SCNPC in July 1994, effective on January 1, 1995, and most recently amended in December 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007, effective on January 1, 2008, and most recently amended in December 2012, and the Implementation Regulations on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), promulgated and became effective on September 18, 2008, regulate both parties to a labor contract, namely the employer and the employee, and contain specific provisions involving the terms of the labor contract. It is stipulated by the Labor Contract Law and the Implementation Regulations on Labor Contract Law that a labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an unfixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching an agreement upon due negotiations.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and the Interim Regulations on Levying Social Insurance Premiums (《社會保險費徵繳暫行條例》), an employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% or 0.2% per day, as the case may be. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue.

Pursuant to the Second Interpretation on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) issued by the PRC Supreme People's Court on August 1, 2025, which became effective on September 1, 2025, if an employer fails to make mandatory social insurance contributions in accordance with applicable laws for an employee, such employee is entitled to unilaterally terminate the labor contract and demand statutory economic compensation. In addition, the judicial interpretation further clarifies that any agreement between an employer and an employee to waive mandatory social insurance contributions, or any undertaking by an employee that such contributions need not be paid, shall be deemed null and void.

According to the Regulations on Management of Housing Fund (《住房公積金管理條例》), an enterprise that fails to make housing fund contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

Employee Stock Incentive Plans

On February 15, 2012, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Stock Option Rules. In accordance with the Stock Option Rules and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with the SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are PRC citizens or reside in China for a continuous period of not less than one year and participate in our stock incentive plan will be subject to such regulation.

In addition, the State Taxation Administration (the "**SAT**"), has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax (the "**IIT**"). The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold IIT of those employees related to their share options or restricted shares. If the employees fail to pay, or the PRC subsidiaries fail to withhold, the IIT according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

Dividend Distribution

The principal regulations governing distribution of dividends of wholly foreign-owned enterprise ("**WFOE**"), include the PRC Company Law, the Foreign Investment Law and the Implementing Regulation for the Foreign Investment Law of the PRC. Under these regulations, wholly foreign-owned enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, Foreign invested enterprises in the PRC are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.