Overview

All of the Company's business operations in the PRC are subject to applicable PRC laws, administrative regulations, departmental rules and other regulatory documents. This section describes (1) the principal industry regulatory authorities of the Company's existing business; and (2) an overview of the principal laws, regulations and policies applicable to the Company.

Industry Regulatory Authorities and Regulatory Regime

Ministry of Industry and Information Technology

The industry authority for the IC design industry in which the Company operates is the Ministry of Industry and Information Technology of the PRC ("**MIIT**"). The MIIT is responsible for the national industrialisation and informatisation, formulating and organizing the implementation of industrial planning, industrial policies and standards, monitoring the daily operation of the industries, and promoting the development and independent innovation of major technology.

Self-regulatory Organization

The industry self-regulatory organization of the industry in which the Company operates is China Semiconductor Industry Association. China Semiconductor Industry Association implements government industrial policies, conducts industrial and market research, promotes industry standardization, and provides consulting services to members and government authorities. Furthermore, it serves as a guiding hand for industry self-regulatory management, and proposes suggestions and opinions on industrial development to government departments.

Industry Policies

In June 2014, the State Council issued the Outline for the Development and Promotion of National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), which stated that the development goal of the integrated circuit industry is to reach an advanced international standard in the major links of the integrated circuit industry chain by 2030, with a number of enterprises entering the international first tier and achieving leapfrog development. The Outline further put forward eight safeguard measures to promote the development of the IC industry, including the establishment of a national industrial investment fund, and promoting the implementation of tax support policies.

In January 2017, the National Development and Reform Commission ("**NDRC**") announced the Guiding Catalog for Key Products and Services of Strategic Emerging Industries (2016 Edition) (《戰略性新興產業重點產品和服務指導目錄(2016版)》, which specified 8 industries in 5 major fields, further refined to 174 sub-directions under 40 key directions and nearly 4,000 segmented products and services, including integrated circuit chip products, integrated circuit materials, power electronic power devices and semiconductor materials, etc.

In July 2020, the State Council issued the Policies to Promote Quality Development of Integrated Circuit Industry and Software Industry in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》), proposing that the integrated circuit industry and software industry is the core of the information industry and a key force leading the new round of technological revolution and industrial change, and specifying the preferential tax policies for state-encouraged integrated circuit production enterprises or projects, state-encouraged integrated circuit design, equipment, materials, packaging, testing enterprises and software enterprises, as well as state-encouraged key integrated circuit design enterprises and software enterprises.

In March 2021, the NPC promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), proposing to foster advanced manufacturing clusters and promote industrial innovation and development of industries including integrated circuits.

In October 2021, the State Council issued the National Intellectual Property Protection and Use Plan during the 14th Five-Year Plan period (《"十四五"國家知識產權保護和運用規劃》), proposing to promote the high-quality creation of intellectual property. Efforts should be made to improve upon the policies for supporting high-quality creation and strengthen the creation and reserve of independent intellectual property in fields such as artificial intelligence, quantum information, IC, basic software, life health, brain science, biological breeding, aerospace technology and deep earth and sea exploration.

In December 2021, the State Council issued the 14th Five-Year Plan for the Development of Digital Economy (《"十四五"數字經濟發展規劃》), pointing out that during the "14th Five-Year Plan" period, the promotion of digital industrialization should be accelerated, which requires enhancement of the innovation capacity in key technologies, targeting sensors, quantum information, network communications, integrated circuits, key software, big data, artificial intelligence, block chain, new materials and other strategic and forward-looking areas, and improvement of the competitiveness in key industries by enhancing the supply chain system for key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence and industrial Internet.

In December 2023, the NDRC promulgated the Industrial Structure Adjustment Guidance Catalog (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which categorized integrated circuits as information industry, the 28th in the first category of Encouragement Catalog. The national standard industry of main business of the Company is integrated circuit design (I6520), which was categorized as the first category and an Encouraged Project of the Catalog.

Regulations on Foreign Investment in the PRC

According to the PRC Company Law promulgated by the Standing Committee of the National People's Congress (the "**NPC Standing Committee**") on December 29, 1993, last revised on December 29, 2023 and implemented on July 1, 2024, limited liability companies and joint-stock limited companies established within the territory of the PRC are subject to the PRC Company Law. Unless otherwise specified by the law on foreign investment, foreign-invested enterprises are also governed by the PRC Company Law.

According 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 NPC on March 15, 2019 and implemented on January 1, 2020, foreign investment refers to investment activities carried out directly or indirectly within the territory of the PRC by foreign natural persons, enterprises, or other organizations (the foreign investors), including the following situations: (1) a foreign investor establishing foreign-invested enterprises in the PRC individually or jointly with other investor; (2) a foreign investor acquiring shares, equity interests, property shares, or other similar rights and interests in enterprises within the territory of the PRC; (3) a foreign investor investing in and establishing new projects in the PRC individually or jointly with other investor; and (4) other forms of investment as stipulated by laws, administrative regulations, or the State Council. The Foreign Investment Law further implements the pre-establishment national treatment plus negative list management system for foreign investment. Pre-establishment national treatment means granting foreign investors and their investments no less favorable treatment than that granted to domestic investors and their investments at the investment admission stage. The negative list refers to the special access management measures imposed by the state on foreign investment in specific fields. The Foreign Investment Law grants national treatment to foreign investment outside the negative list. The negative list is promulgated or approved for promulgation by the State Council.

According to the Regulations for the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and implemented on January 1, 2020, the state encourages and promotes foreign investment, protects the legitimate rights and interests of foreign investors, regulates the management of foreign investment, continuously optimizes the foreign investment environment, and promotes a higher level of opening up.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and implemented on January 18, 2021, foreign investors or relevant parties in the PRC must submit a review application to the office of the working mechanism before making the following investments: (i) investing in fields related to national defense security, such as military industry and military industry support, as well as investing in areas surrounding military facilities and military industry facilities; and (ii) investing in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important fields that involve national security, and acquiring control over the target enterprise.

Regulations on Intellectual Property Rights

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the NPC Standing Committee on March 12, 1984, last amended on October 17, 2020 and implemented on June 1, 2021, the Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and implemented on January 20, 2024, and the Interim Measures for Handling the Examination Operations Related to the Implementation of the Revised Patent Law (《關於施行修改後專利法的相關審查業務處理暫行辦法》) promulgated by China National Intellectual Property Administration ("**CNIPA**") on January 4, 2023 and implemented on January 11, 2023, the entity to which the inventor, the designer or the inventor of a service invention belongs may apply for granting a patent for invention, a utility model patent or a design patent. The transfer of patent application right or patent right is effective from the date of registration. The patent for invention is valid for 20 years, the patent for utility model is valid for 10 years, and the patent for design with an application date on or before May 31, 2021 is valid for 10 years, while that with an application date on or after June 1, 2021 is valid for 15 years, all calculated from the date of patent application.

Trademark

According to the Trademark Law of the PRC (2019 Amendment) (《中華人民共和國商標法》) promulgated by the NPC Standing Committee on August 23, 1982, last amended on April 23, 2019 and implemented on November 1, 2019, and the Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014 and implemented on May 1, 2014, registered trademarks are protected by the Trademark Law and related rules and regulations. The trademark is registered with the Trademark Office under CNIPA. The registered trademark is valid for 10 years. When it is necessary to continue using the registered trademark upon expiration of period of validity, an application for renewal shall be made within twelve months before the expiration. If such an application cannot be filed within that period, an extension period of six months may be granted. The validity period of each renewal of registration is ten years, starting on the date of expiration of the previous validity period of the trademark. Where the renewal procedure has not been completed at the expiration of the time limit, the registered trademark shall be canceled.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the NPC Standing Committee on September 7, 1990, last amended on November 11, 2020 and implemented on June 1, 2021, and the Regulations for Implementation of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on May 30, 1991, last amended on January 30, 2013 and implemented on March 1, 2013, for the works of PRC citizens, legal persons or unincorporated organizations, including written works, computer software, and other ingenious intellectual achievements in the fields of literature, art and science that can be presented in a certain form, regardless of whether they are published or not, shall be entitled to copyright. The period of protection for the right of publication of the works of a legal person or an unincorporated organization, and the copyright (except for the right of authorship) of a work of office enjoyed by a legal person or an unincorporated organization shall be fifty years, ending on December 31st of the fiftieth year after the completion of the creation of the work, and the rights of reproduction, distribution, rental, exhibition, performance, projection, broadcasting, information network transmission, cinematographic rights, the rights of adaptation, translation, compilation, and other rights which shall be enjoyed by the copyright owner shall be fifty years, ending on December 31st of the fiftieth year after the work is first published, but the work shall no longer be protected if it has not been published within fifty years since its creation.

According to the Regulations on Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, last revised on January 30, 2013 and implemented on March 1, 2013, for the software developed by PRC citizens, legal persons or other organizations, regardless of whether it has been published or not, the owners enjoy the copyright. Software copyright shall come into being as at the date of completion of software development. The term of protection of the software copyright of a legal person or any other organization shall be 50 years, expiring on December 31 of the 50th year after the first publication of the software, but the software shall no longer be protected if it has not been published within fifty years since its creation.

Layout Designs of Integrated Circuits

According to the Regulations on the Protection of Layout Designs of Integrated Circuits (《集成電路布圖設計保護條例》(the "**Protection Regulations**"), promulgated by the State Council on April 2, 2001 and implemented on October 1, 2001, PRC natural persons, legal persons or other organizations that create layout designs shall enjoy the exclusive right to the layout design in accordance with the Protection Regulations. The exclusive right to the layout design arises from registration with the intellectual property administrative department of the State Council. Layout designs that have not been registered are not protected by the Protection Regulations. The protection period for the exclusive right to the layout design is 10 years, calculated from the date of application for registration of the layout design or from the date of its first commercial exploitation anywhere in the world, whichever is earlier. However, regardless of whether it has been registered or commercially exploited, a layout design shall no longer be protected by the Protection Regulations 15 years after its creation.

Regulations on Import and Export

According to the Customs Law of the PRC (《中華人民共和國海關法》), issued by the NPC Standing Committee on January 22, 1987, and last amended and put into effect on April 29, 2021, the inbound and outbound means of transport, goods and articles must enter or leave the territory at places where there is a customs office. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the Customs in accordance with the law. The Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collecting customs duties and other taxes and fees, and preventing and countering smuggling, and compiles customs statistics and handles other customs business. The consignees for imported goods and the consignors for export goods shall truthfully declare to the Customs, and submit import and export licenses and relevant documents for examination.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) issued by the NPC Standing Committee on May 12, 1994, latest amended on December 27, 2025 and implemented on March 1, 2026, foreign trade operators shall submit documents and information related to their foreign trade operations to the relevant departments in accordance with the provisions made by the competent foreign trade department of the State Council or other relevant departments of the State Council in accordance with law. The competent foreign trade department of the State Council may, on the basis of the need to monitor the import and export situation, apply automatic import and export licenses to certain goods that can be imported or exported freely and publish the catalogs thereof.

According to the Regulations of the People's Republic of China on Customs Declaration Entity Registration Management (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and implemented on January 1, 2022, consignees and consignors of imported and exported goods and customs declaration enterprises that apply for record-filing shall obtain the qualification of market entities. Among them, consignees and consignors of imported and exported goods that apply for record-filing shall also obtain the record-filing for foreign trade operators.

Regulations on Foreign Exchange

According to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》), promulgated by the State Council on January 29, 1996 and last revised and implemented on August 5, 2008, there are no restrictions on international payments and transfers of foreign currencies (such as the payment of dividends or interest) under the current account. Foreign currency transactions in capital accounts, such as direct investments and capital injections, are still restricted and subject to approval or registration by the SAFE and other relevant PRC government authorities.

According to the Notice on Issues concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE and implemented on December 26, 2014, the SAFE and its sub-offices/branch offices and the department of foreign exchange management shall supervise, administer and inspect the business registration, opening and use of account, cross-border income and expenditure, fund exchange and other conducts involved in the overseas listing of domestic companies. The domestic companies shall register for the overseas listing with the relevant materials at the foreign exchange bureau located at its registered address in 15 working days after the completion of the overseas listing and issuance.

According to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Related to Overseas Listings of Domestic Enterprises (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), promulgated by the PBOC and SAFE on December 24, 2025, which shall come into effect on April 1, 2026, while the Notice on Issues concerning the Foreign Exchange Administration of Overseas Listing shall be repealed simultaneously, PBOC, SAFE and their branches shall supervise, manage, and inspect the business registration, account opening and use, cross-border receipts and payments, fund remittance and exchange and other conducts related to the overseas listing of domestic enterprises. Domestic enterprises seeking overseas listing shall, within 30 working days from the first trading day of overseas listing or the completion of the over-allotment option, apply for overseas listing registration at a bank within the provincial-level regions or cities with independent planning status where they are registered.

According to the Notice on Optimizing Foreign Exchange Management to Support Foreign-related Business Development (《關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE on April 10, 2020 and implemented on June 1, 2020, on the premise of ensuring that the use of funds is truly compliant and in accordance with the current management regulations on the use of income from capital accounts, eligible enterprises are allowed to use capital account income, such as capital funds, foreign debts and overseas listings, for domestic payments without having to provide proof of authenticity to the bank in advance, one by one. The handling bank shall conduct spot checks after the event according to relevant requirements.

According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), promulgated by SAFE and implemented on December 4, 2023, foreign exchange funds raised from overseas listings by domestic enterprises may be directly remitted to capital account settlement accounts, and funds in capital account settlement accounts may be freely converted and used.

According to the Capital Account Foreign Exchange Operational Guidelines (2024 version) (《資本項目外匯業務指引(2024年版)》), promulgated by the SAFE on April 3, 2024 and implemented on May 6, 2024, the funds raised by the domestic companies through overseas listing shall be repatriated to the PRC in principle and may be in RMB or foreign currency.

Regulations on Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the NPC Standing Committee on February 22, 1993, and revised and implemented on December 29, 2018, producers and sellers shall establish and improve internal product quality management systems, strictly implementing job-specific quality standards, quality responsibilities, and corresponding assessment methods. It is prohibited to forge or counterfeit quality marks such as certification marks; it is prohibited to forge the origin of products or counterfeit or use the factory names and addresses of others; it is prohibited to adulterate or falsify products during production or sales, pass off fake goods as genuine, or pass off inferior goods as superior ones.

Regulations on Labor and Employment

Labor Law and Labor Contracts

According to the Labor Law of the PRC (《中華人民共和國勞動法》), issued by the NPC Standing Committee on July 5, 1994, and last revised and implemented on December 29, 2018, the employer shall establish and improve the rules and regulations in accordance with the law to protect workers' enjoyment of labor rights and fulfillment of labor obligations. The employer shall establish and improve the labor safety and health system, strictly implement national labor safety and health regulations and standards, educate workers on labor safety and health, prevent accidents in the labor process, and reduce occupational hazards.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), issued by the NPC Standing Committee on June 29, 2007, last amended on December 28, 2012 and implemented on July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), issued and implemented by the State Council on September 18, 2008, stipulate the rights and obligations of the parties to an employment contract, including matters relating to the conclusion, performance and termination of the employment contract. The employer shall conclude a written labor contract with the workers and pay them labor remuneration in a timely manner and in full in accordance with the labor contract and state regulations. The employer may terminate the labor contract with the worker under certain circumstances and pay economic compensation to the worker in accordance with the law.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) issued by the NPC Standing Committee on October 28, 2010, and last revised and implemented on December 29, 2018, the employer shall register for social insurance with the local social insurance agency and pay social insurance premiums for the workers, including basic endowment insurance premiums, basic medical insurance premiums, work injury insurance premiums, unemployment insurance premiums and maternity insurance premiums. If the employer fails to pay social insurance premiums in full and on time, the social insurance levying and collecting agency shall order the payment or make-up of the premiums within a time limit, and impose an overdue fine of 0.05% per day from the date of the overdue payment. In case of failure to pay within the time limit, the relevant administrative department shall impose a fine of more than double but less than three times the amount in arrears.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), issued by the State Council on April 3, 1999, and last revised and implemented on March 24, 2019, the unit shall register with the housing provident fund management center for housing provident fund contributions and, upon verification by the housing provident fund management center, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its staff and workers. The payment and deposit ratio of housing provident fund of a worker and staff as well as a unit shall be not less than 5% of the monthly average salary in the last year. Where a unit is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Regulations on Land and Real Estate

Land Assignment

According to the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), promulgated by the State Council on May 19, 1990 and amended and implemented on November 29, 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user must pay land premium to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage or otherwise exploit the land for economic activities within the term of use. Under such Regulations and the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the NPC Standing Committee on July 5, 1994, last amended on August 26, 2019 and implemented on January 1, 2020, the local land administration authority shall enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights.

Leasing Properties

According to the Civil Code of the PRC (《中華人民共和國民法典》), promulgated by the NPC Standing Committee on May 28, 2020 and implemented on January 1, 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code of the PRC, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

Pursuant to the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and implemented on February 1, 2011, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) authorities of the People's Government of the special municipality, municipality or county where the leased property is located. If a company fails to complete such procedures, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Regulations on Foreign Direct Investment

According to the Measures for Administration of Overseas Investments by 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, when conducting overseas investment, enterprises within the territory of the PRC (the "**Investment Entities**") shall fulfill procedures such as approval and filing for overseas investment projects ("**projects**"), report relevant information, and cooperate with supervision and inspection. The scope of projects subject to approval management is sensitive projects directly undertaken by investment entities or through their controlled overseas enterprises; the scope of projects subject to filing management is non-sensitive projects directly undertaken by investment entities, that is, non-sensitive projects involving the direct investment of assets, equity, or the provision of financing or guarantees by investment entities. The aforementioned "sensitive projects" refer to projects involving sensitive countries and regions or sensitive industries. The NDRC promulgated the Catalog of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), which has been in effect since March 1, 2018, detailing the current sensitive industries.

According to the Measures for Administration of Overseas Investments (《境外投資管理辦法》), promulgated by the MOFCOM on March 16, 2009, revised on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial-level commerce authorities implement filing and approval management separately based on different circumstances of enterprises' overseas investments. Approval management shall be implemented for overseas investments involving any sensitive countries and regions or any sensitive industries. Filing management shall be implemented for other circumstances of overseas investments.

On February 13, 2015, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment, canceling the approval of foreign exchange registration for direct investment. Banks directly review and handle foreign exchange registration for overseas direct investment. The SAFE and its branches implement indirect supervision over foreign exchange registration for overseas direct investment through banks.

Regulations on Internet Information Security and Privacy Protection

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), promulgated by the NPC Standing Committee on November 7, 2016, amended on October 28, 2025 and implemented on January 1, 2026, when constructing, operating networks, or providing services through networks, technical measures and other necessary measures shall be taken in accordance with the provisions of laws, administrative regulations, and the mandatory requirements of national standards to ensure cybersecurity, stable operation, effective response to cybersecurity incidents, prevention of cyber illegal and criminal activities, and maintenance of the integrity, confidentiality, and availability of network data.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》), promulgated by the NPC Standing Committee on June 10, 2021 and implemented on September 1, 2021, the state establishes a data classification and graded protection system, implementing data classification and graded protection based on factors such as the importance of data in economic and social development. When conducting data processing activities, entities shall, in accordance with laws and regulations, establish and improve a full-process data security management system, organize data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security.

Regulations on Taxation

Enterprise Income Tax

According to the EIT Law issued by the NPC on March 16, 2007 and last revised and implemented on December 29, 2018, and the Regulations for the Implementation of the

Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007,last revised on December 6, 2024 and implemented on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Chinese resident enterprises are required to pay enterprise income tax at a rate of 25%. Qualified small-sized enterprises with thin profit are subject to a reduced enterprise income tax rate of 20%. The enterprise income tax on important high- and new-tech enterprises that are necessary to be supported by state shall be levied at the reduced tax rate of 15%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was last amended by the Ministry of Science and Technology, the MOF and the STA on January 29, 2016 and effective from January 1, 2016, an enterprise recognized as a high and new technology enterprise is subject to a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

According to Announcement on Continuing the Enterprise Income Tax Policies for the Western Region Development (《關於延續西部大開發企業所得稅政策的公告》), promulgated by the MOF, the STA and the NDRC on April 23, 2020 and implemented on January 1, 2021, from January 1, 2021 to December 31, 2030, the enterprise income tax on an enterprise in an encouraged industry established in western China shall be paid at a reduced rate of 15%. The aforementioned "enterprise in an encouraged industry" means an enterprise whose main business is within the scope of industry projects set out in the Catalog of Encouraged Industries in Western China (《西部地區鼓勵類產業目錄》), and whose revenue from its main business accounts for 60% or more of its gross income.

According to the Announcement on Further Supporting the Development of Small and Micro Enterprises and Self-Employed Individuals Concerning Tax and Fee Policies (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》), promulgated by the MOF and the STA on August 2, 2023 and implemented on January 1, 2023, the policy of reducing the taxable income of small and micro enterprises by 25% and paying enterprise income tax at a rate of 20% shall be extended until December 31, 2027.

Value-added Tax

According to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), promulgated by the NPC Standing Committee of on December 25, 2024 and implemented on January 1, 2026, all entities and individuals (including privately or individually-owned business) that sell goods, services, intangible assets, immovables, and import goods in the PRC shall be taxpayers of value-added tax and shall pay value-added tax. Unless otherwise provided, the tax rate for the sales of goods, processing, repair and maintenance services, leasing services of tangible movables and import goods (except for particular categories specified by law) is 13%; the tax rate for the sales of transportation, postal, basic telecommunications, construction, immovables leasing services, sales of immovables, transfer of land use rights, and sales or imports of goods prescribed by law is 9%; the tax rate for the sales of services and intangible assets is 6%.

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (《財政部、稅務總局關於集成電路企業增值稅加計抵減政策的通知》), promulgated on April 20, 2023 and implemented on January 1, 2023, from January 1, 2023 to December 31, 2027, enterprises engaged in the design, production, closed beta test, equipment and materials of integrated circuits are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

Tax on Dividends

According to the Individual Income Tax Law of the PRC(《中華人民共和國個人所得稅法》), promulgated by the NPC Standing Committee on September 10, 1980, revised on August 31, 2018 and implemented on January 1, 2019, and the Regulations on the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》),

promulgated by the State Council on January 28, 1994, revised on December 18, 2018 and implemented on January 1, 2019, dividends distributed by PRC enterprises shall be subject to individual income tax at a unified rate of 20%. Foreign individuals who are non-residents of the PRC and receive dividends from PRC enterprises shall generally be subject to individual income tax at a rate of 20%, unless otherwise stipulated by the financial and taxation authorities of the State Council.

According to the EIT Law and the Regulations on the Implementation of the EIT Law, the enterprise income tax rate is 25%. Non-resident enterprises that do not establish institutions or establishments within the territory of the PRC, or that have established institutions or establishments but the income derived therefrom has no actual connection with such institutions or establishments, shall pay enterprise income tax on their income derived from sources within the territory of the PRC at a rate of 10%. For the aforementioned enterprise income tax payable by non-resident enterprises, withholding at source shall be implemented, with the payer serving as the withholding agent. The tax shall be withheld by the withholding agent from the payment or the amount payable when due each time a payment is made or when it becomes due.

According to the Circular of the State Administration of Taxation on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), promulgated by the STA and implemented on November 6, 2008, when PRC resident enterprises distribute dividends for the year 2008 and subsequent years to non-resident enterprise shareholders holding H shares outside the territory of the PRC, they shall uniformly withhold and pay enterprise income tax at a rate of 10%.

According to the Arrangement between the Chinese mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed by the STA and the Government of the Hong Kong Special Administrative Region on August 21, 2006 and became effective on December 8, 2006, the Chinese mainland government may impose tax on dividends paid by PRC resident enterprises to Hong Kong residents (including natural persons and legal entities), but such tax shall not exceed 10% of the gross amount of the dividends payable by the PRC resident enterprises, unless the relevant Hong Kong resident directly holds 25% or more of the equity in a PRC resident enterprise, in which case the tax shall not exceed 5% of the gross amount of the dividends payable by the PRC resident enterprise.

Regulations on Securities and Filing for Overseas Listing

According to the PRC Securities Law, promulgated by the NPC Standing Committee on December 29, 1998, last revised on December 28, 2019 and implemented on March 1, 2020, domestic enterprises that directly or indirectly issue securities overseas or list their securities overseas shall comply with the relevant provisions of the State Council.

For domestic companies whose shares are subscribed for and traded in foreign currencies, specific measures shall be separately stipulated by the State Council. The CSRC is a securities regulatory institution established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the lawful operation of the market. Currently, the overseas issuance of securities and listing of enterprises within the territory of the PRC are mainly regulated by regulations and normative documents promulgated by the State Council and the CSRC.

According to the Overseas Listing Trial Measures and supporting guidelines, promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas must file with the CSRC within three working days after submitting listing application documents to the relevant regulatory authorities of the intended listing venue. Enterprises that fail to complete the filing in accordance with the overseas listing regulations or conceal any material facts or fabricate any material false content in the filing documents may be subject to administrative penalties such as orders to make corrections, warnings and fines. Their controlling shareholders, actual controllers, directly responsible supervisors, and other directly responsible personnel may also be subject to administrative penalties such as warnings and fines. Under any of the following circumstances, domestic enterprises shall not conduct overseas issuance and listing: (i) listing for financing is explicitly prohibited by laws, administrative regulations, or relevant state provisions; (ii) upon review and determination by the relevant competent authorities of the State Council in accordance with the law, overseas issuance and listing may endanger national security; (iii) the domestic enterprise or its controlling shareholders or actual controllers have been involved in criminal offenses such as corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order within the past three years; (iv) the domestic enterprise is under investigation by law for suspected crimes or major violations of laws and regulations, and no clear conclusion has yet been reached; or (v) there are major ownership disputes over the equity held by the controlling shareholders or shareholders controlled by the controlling shareholders or actual controllers.

According to the Provisions on Strengthening the Confidentiality and Archive Management Related to Overseas Issuance of Securities 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》), promulgated by the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of the PRC on February 24, 2023 and implemented on March 31, 2023, domestic enterprises shall establish confidentiality and archive systems when issuing and listing securities in overseas markets. Domestic enterprises include domestic joint-stock limited companies that directly issue and list securities overseas and domestic operating entities of indirect overseas issuance and listing entities.

Laws and Regulations in the U.S.

Intellectual Property

In the United States, the regulation, acquisition, and enforcement of intellectual property assets (patents, trademarks, copyrights, and trade secrets) are governed by a combination of federal statutes, state laws, and administrative agency rules and procedures. Patents and copyrights are regulated exclusively by federal law pursuant to the Intellectual Property Clause of the U.S. Constitution. Trademarks are subject to shared jurisdiction between federal and state governments, with the federal government deriving their power to regulate trademarks through the Commerce Clause of the United States Constitution. Trade secrets are primarily regulated by states through unfair competition laws.

Patent law in the United States is governed by Title 35 of the United States Code and administered by the U.S. Patent and Trademark Office ("USPTO"), which examines and issues patents. The U.S. patent system operates on a first-inventor-to-file basis, under which priority is generally awarded to the first inventor to file a patent application. Patent law is further shaped by federal case law, with U.S. federal courts having primary jurisdiction over patent disputes and the U.S. Court of Appeals for the Federal Circuit exercising exclusive nationwide appellate jurisdiction over patent cases. Administrative proceedings regarding patent validity may also be conducted by the Patent Trial and Appeal Board ("PTAB"), while the International Trade Commission ("ITC") has authority over certain patent infringement matters involving imported goods.

The USPTO issues three types of patents: utility patents, which protect new and useful processes, machines, manufactures, compositions of matter, and improvements thereof; design patents, which protect ornamental designs of articles of manufacture; and plant patents, which protect new varieties of asexually reproduced plants. To qualify for patent protection, an invention must fall within statutory subject matter and satisfy the requirements of utility, novelty, non-obviousness, and adequate disclosure. Certain subject matter, including abstract ideas, laws of nature, and natural phenomena, may not be patentable under U.S. law.

A granted patent confers a time-limited right to exclude others from making, using, selling, offering for sale, or importing the patented invention in the United States. Upon expiration, the subject matter covered by the patent enters the public domain. Patent rights are considered a form of personal property and may be assigned, licensed, or otherwise transferred, in whole or in part. Patent infringement may be enforced through federal court litigation, with remedies including injunctive relief and monetary damages. However, patents confer only exclusionary (rather than affirmative) rights, and commercialization of a patented invention may still require compliance with other regulatory requirements.

Trademark law in the United States is governed federally by the Lanham Act, codified in Title 15 of the United States Code, and Title 37, Part 2 of the Code of Federal Regulations (CFR), under which the USPTO administers the federal trademark registration system. Trademarks may also be protected at the state level by statute or common law. Under state common law, trademarks are protected as part of unfair competition law. State statutes vary, but most states have adopted either a version of the Model Trademark Bill (MTB), which provides for trademark registration, or the Uniform Deceptive Trade Practices Act (UDTPA), which does not.

Trademark rights arise primarily through use of a mark in commerce rather than registration alone, although federal registration provides important advantages, including nationwide priority, presumptions of validity and ownership, and enhanced enforcement mechanisms. Federal and state courts have nonexclusive jurisdiction over trademark disputes, and trademark law operates alongside state statutory and common law regimes.

To obtain and maintain trademark protection, a mark must be distinctive, nonfunctional, and used in commerce. The Lanham Act provides civil causes of action for trademark infringement, dilution of famous marks, false designation of origin, and certain forms of unfair competition, with liability generally predicated on a likelihood of consumer confusion. Remedies include injunctive relief, monetary damages, and, in certain cases, enhanced remedies for willful infringement or counterfeiting. Trademark protection is territorial in nature and may continue indefinitely, provided the mark remains in use and retains its source-identifying function.

Copyright law in the United States is governed by the U.S. Copyright Act of 1976, codified in Title 17 of the United States Code, and administered by the U.S. Copyright Office. Copyright protection arises automatically upon creation of an original work of authorship fixed in a tangible medium of expression. Although registration is not required for protection, it is generally required to bring an infringement action in federal court and provides additional procedural and remedial benefits.

Federal law defines the scope of copyrightable subject matter, which includes literary, musical, pictorial, audiovisual, and software works, subject to certain limitations, including the exclusion of ideas, procedures, and functional elements.

Copyright owners are granted a bundle of exclusive rights, including the rights to reproduce, distribute, publicly perform or display, and prepare derivative works. These rights are subject to various limitations and defenses, including fair use. Infringement may be enforced through civil actions in federal court, with available remedies including injunctive relief, actual damages and profits, statutory damages, and attorneys' fees in certain cases. Copyright protection is territorial in nature and generally lasts for the life of the author plus 70 years, after which the work enters the public domain.

Trade secrets in the United States are governed by the federal Defend Trade Secrets Act of 2016 ("DTSA"), codified in 18 U.S.C. § 1836 et seq., as well as by state laws, most of which are based on the Uniform Trade Secrets Act ("UTSA"), a model law adopted in some form by the majority of U.S. states. The DTSA establishes a federal private cause of action for trade secret misappropriation and provides for jurisdiction in U.S. federal courts, while preserving parallel state law claims. A "trade secret" is broadly defined to include financial, business, scientific, and technical information that derives independent economic value from not being generally known and is subject to reasonable measures to maintain its secrecy. Misappropriation generally encompasses the improper acquisition, disclosure, or use of such information without consent.

The DTSA provides a range of civil remedies, including injunctive relief, monetary damages (such as actual loss, unjust enrichment, or reasonable royalties), and, in cases of willful and malicious misappropriation, exemplary damages and attorneys' fees. It also includes certain distinctive features, such as an ex parte seizure mechanism allowing courts, in limited circumstances, to seize property necessary to prevent dissemination of trade secrets, and a whistleblower immunity provision requiring notice in certain agreements. Notably, the DTSA does not preempt state trade secret laws, and companies may assert parallel claims under both federal and state regimes, which may have slightly different definitional standards.

In addition to civil liability under the DTSA, trade secret misappropriation may also give rise to criminal liability under the Economic Espionage Act of 1996, particularly where the conduct involves intent to benefit a foreign government or instrumentality.

Labor and Employment

Labor and employment law in the United States comprises federal and state statutes as well as common law, regulating wages, working conditions, workplace safety, anti-discrimination, employee benefits, and labor relations.

Federal Labor and Employment Laws

At the federal level, labor and employment law include the following key statutes:

*Fair Labor Standards Act ("**FLSA**").* The FLSA requires covered employers to pay nonexempt employees the federal minimum wage for all hours worked and overtime (at 1.5 times the regular rate) for hours exceeding 40 per workweek. Where state law provides a higher minimum wage or greater overtime protection, it supersedes the FLSA as discussed below.

*Equal Pay Act ("**EPA**").* The EPA prohibits sex-based wage discrimination, requiring that men and women receive equal pay for equal work performed for the same employer.

*Immigration Reform and Control Act ("**IRCA**") & Form I-9. IRCA prohibits* employers from knowingly hiring, recruiting, or employing individuals not authorized to work in the United States and requires verification of each employee's identity and employment eligibility via Form I-9.

*Occupational Safety and Health Act ("**OSHA**").* OSHA imposes specific duties on employers-including safety training, recordkeeping, and incident reporting-to ensure safe working conditions. Regulations address particular hazards such as dangerous machinery. Certain states, including California, impose additional safety requirements that supersede federal standards where more stringent.

*Title VII of the Civil Rights Act of 1964 ("**Title VII**").* Title VII prohibits employment discrimination based on race, color, national origin, sex (including pregnancy), and religion in hiring, promotion, discipline, discharge, and other employment actions. It also prohibits harassment based on protected-class membership and retaliation against employees who engage in protected activity, such as filing a discrimination complaint.

*Age Discrimination in Employment Act ("**ADEA**") & Older Workers Benefit Protection Act ("OWBPA").* The ADEA prohibits discrimination and harassment against employees aged 40 or older with respect to hiring, promotion, and other terms and conditions of employment. The OWBPA amended the ADEA to prohibit age discrimination in employee benefits and to mandate special requirements for releasing ADEA claims.

*Americans with Disabilities Act ("**ADA**").* The ADA prohibits discrimination against individuals with disabilities and requires employers to provide reasonable accommodations enabling qualified individuals to perform essential job functions.

*Uniformed Services Employment and Reemployment Rights Act ("**USERRA**").* USERRA prohibits discrimination against past and present members of the uniformed services and protects the reemployment rights of employees who leave their positions for military service.

*Genetic Information Nondiscrimination Act ("**GINA**").* GINA prohibits employers from using genetic information in employment decisions and from discriminating, harassing, or retaliating against applicants or employees based on such information.

*National Labor Relations Act ("**NLRA**").* The NLRA governs labor relations and grants employees the right to engage in protected concerted activity, including forming or joining unions, collective bargaining, striking, and discussing wages, benefits, and other terms of employment. The NLRA also prohibits employer unfair labor practices against employees exercising these rights.

*Family and Medical Leave Act ("**FMLA**").* The FMLA provides eligible employees up to 12 weeks of unpaid, job-protected leave for: (1) a serious health condition rendering the employee unable to work; (2) care of an immediate family member with a serious health condition; (3) the birth, adoption, or foster placement of a child; or (4) a qualifying military exigency arising from a family member's service or call to duty.

*Fair Credit Reporting Act ("**FCRA**").* The FCRA governs the use and access of credit information in employment decisions and establishes standards for employment screening conducted by consumer reporting agencies.

*Employee Retirement Income Security Act ("**ERISA**").* ERISA establishes standards for maintaining and administering retirement and health plans offered by private employers, including reporting and disclosure requirements.

*Patient Protection and Affordable Care Act ("**ACA**").* The ACA imposes reporting and coverage requirements on employers, with obligations varying based on the number of full-time employees.

State Labor and Employment Laws

State labor and employment laws may impose additional or more stringent requirements than federal law, particularly regarding wage and hour rules, employee leave, workplace safety, and anti-discrimination protections.

California law generally imposes more expansive employment requirements than federal law, including higher minimum wages, more stringent overtime rules, and detailed meal and rest break mandates. California also provides state-specific leave entitlements, including family and medical leave, and imposes additional workplace safety obligations through state occupational safety and health regulations. In addition, California maintains comprehensive anti-discrimination protections and employee benefit requirements that may exceed federal standards.

California labor and employment law is anchored by the California Labor Code, the Industrial Welfare Commission's ("**IWC**") Wage Orders (codified in Title 8 of the California Code of Regulations), and civil rights statutes including the Fair Employment and Housing Act ("**FEHA**"). Together, these laws regulate wages, hours, working conditions, and workplace civil rights, enforced by the Labor Commissioner and the Civil Rights Department. The IWC Wage Orders establish industry- and occupation-specific rules on hours and working conditions, while FEHA and its implementing regulations define covered employers and protected classes and set the baseline for discrimination, harassment, and retaliation prohibitions.

California's wage-and-hour requirements include daily and weekly overtime, double-time in specified circumstances, and strict rules on meal and rest periods, expense reimbursement, and wage statements. The Wage Orders authorize alternative workweek schedules and define overtime triggers beyond federal law.

Workplace civil rights in California are primarily governed by FEHA (Government Code § 12900 et seq.), which prohibits discrimination, harassment, and retaliation and requires reasonable accommodation through a good-faith interactive process for employees and applicants with disabilities. FEHA regulations define covered employers, an expansive list of protected classes, and the reasonable-accommodation process.

Texas, by contrast, generally aligns with federal law in most employment areas, including wage and hour requirements and workplace standards, although certain state-specific requirements may apply.

Texas has no state minimum wage above the federal floor, nor does it mandate daily overtime or meal and rest periods — a sharp contrast to California's IWC Wage Orders. California's Wage Orders, codified in Title 8 of the California Code of Regulations, set industry- and occupation-specific standards, including daily overtime triggers and detailed working-conditions rules.

Regarding civil rights and leave, Texas relies primarily on the Texas Commission on Human Rights Act ("**TCHRA**"), administered by the Texas Workforce Commission Civil Rights Division, which mirrors federal protections under Title VII and the ADA; coverage, theories, and remedies generally track rather than expand upon federal law.

Laws and Regulations in relation to U.S. Outbound Investment Rule, Export Control and Sanctions

U.S. Outbound Investment Rule

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued the Final Rule on Outbound Investment ("**Outbound Investment Rule**"), which implements Executive Order 14105, *Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern*. The Outbound Investment Rule became effective on January 2, 2025.

The Outbound Investment Rule aims to mitigate national security risks associated with investments in sensitive technologies such as semiconductors, artificial intelligence (AI), quantum computing, and supercomputing in identified "countries of concern." Currently, "countries of concern" under the Outbound Investment Rule are limited to the PRC, including the Special Administrative Region of Hong Kong (Hong Kong), and the Special Administrative Region of Macau (Macau).

As of January 2, 2025, "U.S. persons" are subject to certain compliance obligations when engaging in certain transactions with "covered foreign persons" from countries of concern (PRC, including Hong Kong, and Macau), which may include a prohibition on the transaction or a notification requirement to the U.S. Government within 30 days of completing the transaction.

On December 18, 2025, President of the United States signed into law the Fiscal Year 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of 2025 ("**COINS Act**"). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was legally enacted and effective on December 18, 2025, it is not self-executing and it does not replace or amend the Outbound Investment Rule immediately. The COINS Act is a U.S. federal statute that provides the statutory basis for further rulemaking. The COINS Act requires the Treasury to, within 450 days from passage, promulgate new or amended regulations (which may then amend or replace the Outbound Investment Rule) to implement the law, and the Outbound Investment Rule will remain in force until those regulations are adopted.

Under the Outbound Investment Rule, if U.S. persons engage in a "covered transaction," including a transaction that involves the acquisition of the equity interests of a "covered foreign person" that are not yet publicly traded, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule. On December 23, 2025, the U.S. Department of Treasury published additional frequently asked questions ("**FAQs**") on the Outbound Investment Rule. One of these FAQs (X. 4) provides that absent additional facts, when a U.S. person acquires an equity interest in a "covered foreign person," and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a "publicly traded security" in 31 C.F.R. §850.501(a)(1)(i), regardless of when an agreement to make its investments is entered into.

U.S. Export Controls

The Export Control Reform Act of 2018 authorizes the U.S. President to implement "dual-use" export controls. Pursuant to this statutory authority, the U.S. Department of Commerce, Bureau of Industry and Security ("**BIS**") administers the Export Administration Regulations ("**EAR**"), codified at 15 C.F.R. § 730 et seq. The EAR control the export, reexport, and transfer (in-country) of dual-use commodities, software and technology. The EAR apply to all items "subject to the EAR" as defined at EAR §§ 734.2 – 734.5. Items subject to the EAR include U.S.-made items and items physically in the U.S. as well as certain non-U.S. made items. The EAR applies to goods, software and technology subject to the EAR located anywhere in the world.

In October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is "knowledge" that the item is destined for end use in the development or production of integrated circuits at a fab in China that fabricates integrated circuits meeting certain criteria. The BIS October 2022 IFR was amended in October 2023 to strengthen export controls relating to advanced computing and semiconductor manufacturing equipment. On December 2, 2024, BIS issued an interim final rule and a final rule, which expanded controls in the EAR on advanced computing and semiconductor manufacturing items.

U.S. Sanctions

The U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") administers regulations imposing economic sanctions on countries and designated individuals and entities. These regulations implement Executive Orders issued by the President primarily under the International Emergency Economic Powers Act ("**IEEPA**"). The United States maintains a set of complex restrictions on transactions involving embargoed countries and regions. As of the date of this Document, Cuba, Iran, North Korea, and the Crimea, Donetsk and Luhansk regions of Ukraine are the subject of comprehensive U.S. embargoes. Other sanctions programs target activities such as terrorism, drug trafficking, human rights, and other matters of importance to U.S. national security and foreign policy. There are also strict, "near-comprehensive" sanctions in place against certain other jurisdictions such as the Russian Federation. OFAC implements "primary" and "secondary" sanctions with specific restrictions unique to each individual sanctions program. Sanctioned persons are identified on OFAC's List of Specially Designated Nationals and Blocked Persons ("**SDN**"). All assets of SDNs are blocked and U.S. persons are generally prohibited from dealing with them absent an applicable OFAC license or exemption.