This section provides an overview of certain aspects of the laws, regulations and policies applicable to the Group that may materially affect the Group and its operations. The principal objective of this summary is to provide [**REDACTED**] with an overview of the key laws and regulations applicable to the Group.

This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to [**REDACTED**]. [**REDACTED**] should note that the following summary is based on the laws, regulations and policies in force as of the date of this document, which may be subject to change.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS AND OPERATIONS IN THE PRC

Laws, Regulations and Policies Relating to the IC Industry

On 19 June 2025, the State Administration for Market Regulation and the Ministry of Industry and Information Technology issued the "Action Plan for Metrology to Support the Development of New Quality Productive Forces in Industries (2025–2030)" (《計量支撐產業新質生產力發展行動方案(2025–2030年)》) (the **Action Plan**). The Action Plan points out that, addressing the development needs of the integrated circuit industry, it focuses on core metrology technology support for integrated circuits, concentrates on overcoming technical challenges such as flat-surface measurement traceability to break through bottlenecks in wafer-level defect particle measurement and testing, chip-based parameter standardization for integrated circuits, development of reference materials for advanced packaging technologies like 3D packaging, and production of 12-inch wafer-level reference materials.

On 27 July 2020, the State Council issued the "Several Policies on Promoting the High-Quality Development of the 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》); to further optimize the development environment for the integrated circuit industry and software industry, deepen international industrial cooperation, and enhance industrial innovation capability and development quality, the Policy introduces a series of supportive policies covering finance and taxation, investment and financing, research and development, import and export, talents, intellectual property rights, market application and international cooperation.

Laws and Regulations Relating to Overseas Listings

On 17 February 2023, the China Securities Regulatory Commission (CSRC) promulgated the "Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises" (《境內企業境外發行證券和上市管理試行辦法》) and five related guidelines, and these regulations took effect on 31 March 2023.

Pursuant to the "Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises", domestic enterprises in the People's Republic of China that seek to issue and list securities in overseas markets either directly or indirectly shall file a record with the CSRC and submit relevant materials. The "Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises" stipulates that an enterprise shall not conduct overseas issuance and listing if any of the following circumstances exists: (1) where listing and financing is explicitly prohibited by laws, administrative regulations or relevant state provisions; (2) where, upon examination and determination by the relevant competent departments of the State Council in accordance with the law, overseas issuance and listing may endanger national security; (3) where the domestic enterprise, or its controlling shareholder or actual controller, has been convicted of criminal offences such as embezzlement, bribery, seizure of property, misappropriation of property or disruption of the socialist market economic order within the most recent three years; (4) where the domestic enterprise is under investigation by the relevant authorities in accordance with the law on suspicion of committing a crime or committing a major violation of laws or regulations, and no clear conclusion has been reached yet; or (5) where there is a major ownership dispute over the equity held by the controlling shareholder or other shareholders controlled by the controlling shareholder and/or the actual controller.

The "Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises" also stipulates that; if an issuer submits an application for an initial public offering to an overseas competent authority, it shall file a record with the CSRC within three working days after submitting such application. The "Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises" also stipulates that after an issuer completes overseas issuance and listing, if major events such as change of control, voluntary delisting or mandatory delisting occur, the issuer shall report and file a record with the CSRC.

In addition, to further strengthen the confidentiality and archives management work related to the overseas issuance and listing of domestic enterprises, clarify the information security responsibilities of listed companies, safeguard national information security, and deepen cross-border regulatory cooperation, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration revised the "Provisions on Strengthening the Confidentiality and Archives Management Work Related to Overseas Securities Offering and Listing (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》) (CSRC Announcement [2009] No. 29) and promulgated the "Provisions on Strengthening the Confidentiality and Archives Management Work Related to Overseas Securities Offering and Listing by Domestic Enterprises" (CSRC Announcement [2023] No. 44) (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Management Provisions**") on 24 February 2023. The Confidentiality and Archives Management Provisions are consistent with the "Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises" and define "domestic enterprises" as including domestic joint-stock limited companies that conduct direct overseas issuance and listing and domestic operating entities of entities that conduct indirect overseas issuance and listing. Meanwhile, the Confidentiality and Archives Management Provisions also add procedural requirements and clarify the confidentiality responsibilities of enterprises and the management requirements for accounting archives.

Laws and Regulations Relating to Cybersecurity and Data Protection

(1) Cybersecurity

Pursuant to the "Cybersecurity Law of the People's Republic of China" (《中華人民共和國網絡安全法》) promulgated by the Standing Committee of the National People's Congress ("**NPC Standing Committee**") on 28 October 2025 and entering into force on 1 January 2026, the State promotes the development of a socialized cybersecurity service system and encourages relevant enterprises and institutions to conduct cybersecurity services such as cybersecurity certification, testing and risk assessment; where the procurement of network products and services by operators of critical information infrastructure may affect national security, such procurement shall undergo national security review organized by the national cyberspace administration department in conjunction with the relevant departments of the State Council; in addition, personal information and important data collected and generated by operators of critical information infrastructure during their operations within the territory of the People's Republic of China shall be stored within the territory; if it is really necessary to provide such information and data to overseas parties due to business needs, a security assessment shall be conducted in accordance with the measures formulated by the national cyberspace administration department in conjunction with the relevant departments of the State Council.

The NPC Standing Committee promulgated the "Data Security Law of the People's Republic of China" (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which took effect on 1 September 2021. The Data Security Law primarily establishes specific provisions regarding fundamental data security management systems, including a data classification and grading management system, risk assessment mechanisms, monitoring and early-warning mechanisms, and emergency response mechanisms. Furthermore, the law clearly defines the data security protection obligations of organizations and individuals engaged in data-related activities and enforces accountability for data security protection.

On 30 July 2021, the State Council promulgated the "Regulations on the Security Protection of Critical Information Infrastructure" (《關鍵信息基礎設施安全保護條例》), which took effect on 1 September 2021. Pursuant to the "Regulations on the Security Protection of Critical Information Infrastructure", critical information infrastructure refers to important network facilities and information systems in important industries and fields such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, and national defense science and technology industry, as well as other important network facilities and information systems that may seriously endanger national security, national economy and people's livelihood, and public interests once damaged, disabled or subject to data leakage; under the Regulations, the competent authorities and supervision and administration departments of important industries and fields, as the departments responsible for the security protection of critical information infrastructure, shall be responsible for organizing the identification of critical information infrastructure in their respective industries and fields, and the relevant departments shall promptly notify the operators of critical information infrastructure of the identification results and report the same to the public security department of the State Council.

On 28 December 2021, the CAC, the National Development and Reform Commission, the Ministry of Industry and Information Technology and several other Chinese government authorities jointly issued the "Measures for Cybersecurity Review" (《網絡安全審查辦法》), which took effect on 15 February 2022 and replaced the "Measures for Cybersecurity Review" promulgated on 13 April 2020. Pursuant to the "Measures for Cybersecurity Review", operators of critical information infrastructure that purchase network products and services, and internet platform operators that conduct data processing activities, where such purchases or activities affect or may affect national security, shall conduct cybersecurity review in accordance with the Measures; in addition, internet platform operators that hold personal information of more than one million users and seek to list on overseas stock exchanges must undergo cybersecurity review; the Cybersecurity Review Office established under the CAC shall be responsible for formulating institutional norms related to cybersecurity review and organizing cybersecurity review.

(2) Security Assessment for Data Outbound Transfer

On 7 July 2022, the CAC promulgated the "Measures for Security Assessment of Data Outbound Transfer" (《數據出境安全評估辦法》), which took effect on 1 September 2022; the Measures for Security Assessment stipulate that a data processor shall declare a security assessment of data outbound transfer to the national cyberspace administration department through the provincial-level cyberspace administration department at its locality if any of the following circumstances applies: (1) the data processor provides important data to overseas parties; (2) an operator of critical information infrastructure or a data processor that processes personal information of more than one million people provides personal information to overseas parties; (3) a data processor that has cumulatively provided personal information of 100,000 people or sensitive personal information of 10,000 people to overseas parties since 1 January of the previous year provides personal information to overseas parties; and (4) other circumstances requiring the declaration of security assessment of data outbound transfer as prescribed by the CAC.

Laws and Regulations Relating to Foreign Investment

Pursuant to the "Foreign Investment Law of the People's Republic of China" (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the National People's Congress on 15 March 2019 and taking effect on 1 January 2020, as well as the "Implementation Regulations of the Foreign Investment Law of the People's Republic of China" (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations of the Foreign Investment Law**") promulgated by the State Council on 26 December 2019 and taking effect on 1 January 2020, foreign investment refers to investment activities conducted directly or indirectly within the territory of the People's Republic of China by foreign natural persons, enterprises or other organizations; the State implements a management system of pre-establishment national treatment plus negative list for foreign investment; pre-establishment national treatment means that foreign investors and their investments are accorded treatment no less favorable than that accorded to domestic investors and their investments at the stage of investment access; the negative list management system means that the State prescribes special access management measures for foreign investment in specific fields; foreign investors shall not invest in any prohibited fields specified in the negative list, and may only invest in any restricted fields specified in the negative list after meeting the conditions set out therein.

Pursuant to the "Measures for Reporting Foreign Investment Information" (《外商投資信息報告辦法》) promulgated by the Ministry of Commerce and the State Administration for Market Regulation on 30 December 2019 and taking effect on 1 January 2020, where a foreign investor conducts investment activities directly or indirectly within the territory of the People's Republic of China, the foreign investor or the foreign-invested enterprise shall submit investment information to the competent commerce department in accordance with these Measures; the foreign investor or the foreign-invested enterprise shall submit the investment information in a timely manner, adhere to the principles of authenticity, accuracy and completeness, shall not make false or misleading reports, and shall not have material omissions.

Pursuant to the "Catalog of Industries Encouraged for Foreign Investment (2025 Version)" (《鼓勵外商投資產業目錄(2025年版)》) promulgated by the National Development and Reform Commission and the Ministry of Commerce on 15 December 2025 and taking effect on 1 February 2026, as well as the "Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Version)" (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**") promulgated by the National Development and Reform Commission and the Ministry of Commerce on 6 September 2024 and taking effect on 1 November 2024, industries open to foreign investment are divided into the Catalog of Industries Encouraged for Foreign Investment and the Negative List; the Negative List is further subdivided into the "Catalog of Industries with Restricted Foreign Investment" and the "Catalog of Industries with Prohibited Foreign Investment"; industries not included in the Negative List shall be deemed as industries permitted for foreign investment; the State encourages foreign investors to invest in industries in the People's Republic of China such as integrated circuit design, manufacturing of integrated circuit packaging and testing equipment, and manufacturing of new electronic components.

In addition, pursuant to the "Measures for Security Review of Foreign Investment" (《外商投資安全審查辦法》) promulgated by the National Development and Reform Commission and the Ministry of Commerce on 19 December 2020 and coming into force on 18 January 2021, foreign investment that affects or may affect national security shall undergo security review in accordance with the provisions of the "Measures for Security Review of Foreign Investment". The State establishes a working mechanism for security review of foreign investment, which is responsible for organizing, coordinating and guiding the work of security review of foreign investment; for foreign investment within the following scope, foreign investors or relevant domestic parties shall voluntarily declare to the office of the working mechanism before implementing the investment: (i) investment in fields related to national defense security such as military industry and military industry supporting, as well as investment in areas around military facilities and military industry facilities; (ii) investment in important fields related to national security such as important agricultural products, important energy and resources, manufacturing of major equipment, 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, and acquisition of actual control over the invested enterprise.

Laws and Regulations Relating to Overseas Investment

According to the "Measures for the Administration of Overseas Investment" (《境外投資管理辦法》) promulgated by the MOFCOM on 16 March 2009, last revised on 6 September 2014 and became effective on 6 October 2014, overseas investment refers to the activities of possessing non-financial enterprises or acquiring the ownership of, the control over, the operation and management right of, and other rights of and interests in, the existing non-financial enterprises overseas through establishment, mergers and acquisitions, or otherwise conducted by enterprises that are established in the PRC in accordance with the law. The MOFCOM and the competent commerce authorities of provinces, autonomous regions, municipalities, cities specifically designated in the state plan, and the Xinjiang Production and Construction Corps are responsible for the administration and supervision of overseas investments. The MOFCOM and the provincial competent commerce authorities shall conduct archive filing and verification management according to different circumstances of overseas investment of an enterprise. Where the overseas investment carried out by an enterprise involves sensitive countries and regions and sensitive industries, verification management shall be implemented. Archive filing management shall be implemented for other circumstances of overseas investment of an enterprise.

According to the "Measures for the Administration of Overseas Investment of Enterprises" (《企業境外投資管理辦法》) promulgated by the NDRC on 26 December 2017 and became effective on 1 March 2018, overseas investment refers to the investment activities conducted by enterprises in the PRC, either directly or through overseas enterprises under their control, to acquire ownership, the control, the operation and management right, and other relevant rights and interests overseas through means such as investing assets, equity, or providing financing and guarantees. Investment entities undertaking overseas investment shall fulfil the procedures for approval and filing of overseas investment projects, report relevant information and cooperate with supervision and inspection. Such investment entities undertaking overseas investment must not violate the laws and regulations of the PRC nor threaten or harm the national interests and national security of the PRC.

Laws and Regulations Relating to Intellectual Property

(1) Trademarks

The "Trademark Law of the People's Republic of China" (《中華人民共和國商標法》) (the "**Trademark Law**") promulgated by the NPC Standing Committee on 23 August 1982, last revised on 23 April 2019 and effective on 1 November 2019, and the "Regulation for the Implementation of the Trademark Law of the People's Republic of China" (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, last revised on 29 April 2014 and effective on 1 May 2014, have made provisions regarding the application, examination and approval, renewal, modification, assignment, use, invalidation declaration, etc. of trademark registration, and have protected the exclusive right to use a trademark enjoyed by the trademark registrant.

(2) Patents

According to the "Patent Law of the People's Republic of China" (《中華人民共和國專利法》) (the "**Patent Law**") promulgated by the NPC Standing Committee on 12 March 1984, revised on 17 October 2020, and effective as of 1 June 2021, and the "Implementing Regulations of the Patent Law of the People's Republic of China" (《中華人民共和國專利法實施細則》) (the "**Implementing Regulations of the Patent Law**") promulgated by the State Council on 15 June 2001, last revised on 11 December 2023, and effective on 20 January 2024, the Patent Office of the National Intellectual Property Administration is responsible for the patent work throughout the country. The departments responsible for patent work under the people's governments of provinces, autonomous regions, and municipalities directly under the central government are responsible for the patent management work within their respective administrative regions. The Patent Law and the Implementing Regulations of the Patent Law stipulate three types of patents, including "invention patents", "utility model patents", and "design patents". An invention refers to a new technical solution proposed for a product, a method, or an improvement thereof. A utility model refers to a new technical solution relating to the shape, structure, or a combination thereof, of a product, which is suitable for practical use. A design refers to a new design of the whole or a part of a product, the shape, pattern, or a combination thereof, as well as the combination of color with the shape and pattern, which creates an aesthetic feeling and is suitable for industrial application. The term of an invention patent is twenty years, the term of a design patent is fifteen years, and the term of a utility model patent is ten years, all calculated from the date of application. China's patent system adopts the "first-to-file" principle, which means that if two or more applicants respectively file patent applications for the same invention, the person who first files the application will be granted the patent right. An invention or utility model for which a patent right is granted shall possess novelty, inventiveness, and practical applicability. The patent rights enjoyed by patent holders are protected by law. Others must obtain the permission or appropriate authorization of the patent holder, unless otherwise provided by law, before they can use the patent; otherwise, it will constitute an infringement of the patent right.

(3) Copyrights

Pursuant to the "Copyright Law of the People's Republic of China" (《中華人民共和國著作權法》) promulgated by the NPC Standing Committee on 7 September 1990, last revised on 11 November 2020 and taking effect on 1 June 2021, as well as the "Regulations for the Implementation of the Copyright Law of the People's Republic of China" (《中華人民共和國著作權法實施條例》) promulgated by the State Council on 2 August 2002, last revised on 30 January 2013 and taking effect on 1 March 2013, citizens, legal persons or unincorporated organizations of the People's Republic of China shall enjoy copyright in their works regardless of whether such works have been published; a work refers to an original intellectual creation in the fields of literature, art and science that can be expressed in a certain form, including written works, oral works, photographic works, audio-visual works, computer software, etc.; copyright holders shall enjoy a variety of rights, including the right of publication, the right of authorship, the right of reproduction, etc.

Pursuant to the "Regulations on the Protection of Computer Software" (《計算機軟件保護條例》) promulgated by the State Council on 4 June 1991, last revised on 30 January 2013 and taking effect on 1 March 2013, as well as the "Measures for the Registration of Copyright in Computer Software" (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration of the People's Republic of China ("**NCAC**") on 6 April 1992, last revised on 20 February 2002 and issued on the same date, the NCAC is in charge of the administration of software copyright registration nationwide and has accredited the China Copyright Protection Center as the software registration institution; the China Copyright Protection Center shall issue registration certificates to applicants for copyright in computer software that meet the provisions of the "Regulations on the Protection of Computer Software" and the "Measures for the Registration of Copyright in Computer Software", and make an announcement thereof.

(4) Domain Names

Pursuant to the "Measures for the Administration of Internet Domain Names" (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and taking effect on 1 November 2017, as well as the "Detailed Rules for the Implementation of National Top-Level Domain Registration" (《國家頂級域名註冊實施細則》) promulgated by the China Internet Network Information Center on 18 June 2019 and taking effect on the same date, domain name owners shall complete registration for their domain names; the Ministry of Industry and Information Technology is responsible for the supervision and administration of China's Internet domain names, and the communications administrations of all provinces, autonomous regions and municipalities directly under the Central Government are responsible for the supervision and administration of domain name services within their respective administrative regions; domain name services shall comply with the principle of "first-come, first-served" for applications; applicants for domain name registration shall provide domain name registration service providers with true, accurate and complete information related to the domain name applied for, and enter into a registration agreement with such providers; after completing the registration procedures, the applicant shall become the holder of the relevant domain name.

(5) Layout-Designs of Integrated Circuits

In order to protect the exclusive rights of layout-designs of integrated circuits, encourage innovation in integrated circuit technology, and promote the development of science and technology, the State Council promulgated the "Regulations on the Protection of Integrated Circuit Layout Design" (《集成電路布圖設計保護條例》) (the "**Protection Regulations**") on 2 April 2001. According to the Protection Regulations, the right holder of a layout-design shall enjoy the exclusive right to the layout-design in accordance with the provisions of the Protection Regulations. The exclusive right to a layout-design is generated upon registration by the intellectual property administrative department of the State Council. A layout-design that has not been registered is not protected by the Protection Regulations. The protection period for the exclusive right to a layout-design is 10 years, calculated from the date of filing the registration application for the layout-design or the date of its first commercial use anywhere in the world, whichever is earlier. However, regardless of whether it is registered or commercially used, a layout-design shall no longer be protected by the Protection Regulations 15 years after the completion of its creation.

Regulations Relating to Real Estate Leasing

Pursuant to the "Law of the People's Republic of China on the Administration of Urban Real Estate" (《中華人民共和國城市房地產管理法》) promulgated by the NPC Standing Committee on 5 July 1994 and most recently amended on 26 August 2019, in respect of house leasing, the lessor and the lessee shall enter into a written lease contract, which shall stipulate terms including the lease term, lease purpose, lease price and maintenance obligations, as well as other rights and obligations of both parties, and shall register and file such contract with the housing administration department.

In addition, pursuant to the "Measures for the Administration of Commercial Housing Leasing" (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and taking effect on 1 February 2011, parties to a house lease shall conclude a lease contract in accordance with the law, and such house lease contract shall stipulate the handling method in the event that the leased house is expropriated or demolished. Within 30 days after the conclusion of the house lease contract, the parties to the house lease shall go through the formalities for registration and filing of the house lease with the construction (real estate) administrative department of the people's government of the municipality directly under the Central Government, city or county where the leased house is located. The parties to the house lease may also entrust others in writing to handle the registration and filing of the lease. Where the aforesaid provisions are violated, the construction (real estate) administrative department of the people's government of the municipality directly under the Central Government, city or county shall order rectification within a specified time limit; if an individual fails to make rectification within the time limit, a fine of not more than RMB1,000 shall be imposed; if a unit fails to make rectification within the time limit, a fine of not less than RMB1,000 but not more than RMB10,000 shall be imposed.

Laws and Regulations Relating to Labor, Social Insurance and Housing Provident Fund

(1) Labor Contracts

Pursuant to the "Labor Law of the People's Republic of China" (《中華人民共和國勞動法》) promulgated by the NPC Standing Committee on 05 July 1994, revised and taking effect on 29 December 2018, the "Labor Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》) promulgated by the NPC Standing Committee on 29 June 2007, last revised on 28

December 2012 and taking effect on 1 July 2013 and the "Regulations on the Implementation of the Labor Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on 18 September 2008 and taking effect on the same date, employing entities shall establish and improve labor rules and regulations in accordance with the law, strictly comply with national standards, provide relevant training for workers, and ensure that workers enjoy labor rights and perform labor obligations. When an employing entity establishes an employment relationship with a worker, it shall enter into a written labor contract.

(2) Social Insurance

Pursuant to the "Social Insurance Law of the People's Republic of China" (《中華人民共和國社會保險法》) promulgated by the NPC Standing Committee on 28 October 2010, most recently revised and taking effect on 29 December 2018, the "Provisional Regulations on the Collection and Payment of Social Insurance Premiums" (《社會保險費徵繳暫行條例》) issued by the State Council on 22 January 1999, most recently revised and taking effect on 24 March 2019, the "Decision of the State Council on Establishing a Basic Medical Insurance System for Urban Employees" (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on 14 December 1998 and coming into force on the same date, the "Decision of the State Council on Establishing a Unified Basic Endowment Insurance System for Enterprise Employees" (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued by the State Council on 16 July 1997 and coming into force on the same date, the "Work-Related Injury Insurance Regulations" (《工傷保險條例》) promulgated by the State Council on 27 April 2003, revised on 20 December 2010 and taking effect on 1 January 2011, the "Unemployment Insurance Regulations" (《失業保險條例》) promulgated by the State Council on 22 January 1999 and the "Trial Measures for Maternity Insurance for Enterprise Employees" (《企業職工生育保險試行辦法》) promulgated by the Ministry of Labor and Social Security of the People's Republic of China, which has been abolished on 14 December 1994 and coming into force on 1 January 1995, enterprises shall pay basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance for their employees in accordance with the statutory contribution base and contribution ratio. Basic endowment insurance, basic medical insurance and unemployment insurance shall be borne jointly by enterprises and employees, while maternity insurance and work-related injury insurance shall be paid by enterprises. Where an employing entity fails to pay social insurance premiums in full and on time, the social insurance premium collection authority shall order it to pay or make up the arrears within a specified time limit, and impose a late payment fine of 0.05% of the arrears amount per day from the date of arrears; if the employing entity still fails to make the payment after the time limit, the relevant administrative department shall impose a fine of not less than one time but not more than three times the amount of the arrears. According to the "Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases" (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) promulgated by the Supreme People's Court on 17 February 2025 and became effective on 1 September 2025, if an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the People's Court shall deem such agreement or commitment invalid. Where an employer fails to pay social insurance contributions as required by law, and the employee requests to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38, Paragraph 1, Item 3 of the Labor Contract Law, the People's Court shall support such request in accordance with the law.

(3) Housing Provident Fund

Pursuant 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 3 April 1999, revised on 24 March 2019 and taking effect on the same date, an entity shall go through the formalities for housing provident fund contribution registration with the housing provident fund management center and handle the procedures for establishing housing provident fund accounts for its employees. The entity shall also make timely and full payment of housing provident fund. Where an entity fails to go through the housing provident fund contribution registration or fails to handle the procedures for establishing housing provident fund accounts for its employees, the housing provident fund management center shall order it to complete such formalities within a specified time limit; if the entity fails to do so within the time limit, a fine of not less than RMB10,000 but not more than RMB50,000 shall be imposed. In addition, where an entity fails to pay or underpays the housing provident fund within the time limit, the housing provident fund management center shall order it to make the payment within a specified time limit; if the entity still fails to make the payment within the time limit, the housing provident fund management center may apply to the people's court for compulsory execution.

Laws and Regulations Relating to Product Liability

Pursuant to the "Product Quality Law of the People's Republic of China" (《中華人民共和國產品質量法》) promulgated by the NPC Standing Committee on 22 February 1993 and most recently revised on 29 December 2018, where a sold product falls into any of the following circumstances, the seller shall be responsible for repairing, replacing or returning the product: (i) the product does not have the performance for use that it should have and such fact was not explained in advance; (ii) the product does not conform to the product standard indicated on the product itself or its package; or (iii) the product does not conform to the quality status indicated by means of product description, physical sample or other methods. If a consumer suffers losses due to the purchase of the product, the seller shall compensate for such losses.

Laws and Regulations Relating to Import and Export Trade

Pursuant to the "Foreign Trade Law of the People's Republic of China" (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the NPC Standing Committee on 12 May 1994 and revised on 12 December 2025, except for engaging in foreign contracted projects, it is no longer required to complete the record-filing registration for foreign trade operators. The Chinese Government permits the free import and export of goods and technologies, except as otherwise provided for by laws and administrative regulations.

Pursuant to the "Customs Law of the People's Republic of China" (《中華人民共和國海關法》) (the "**Customs Law**") considered and adopted by the NPC Standing Committee on 22 January 1987, most recently revised on 29 April 2021 and taking effect on the same date, the Customs of the People's Republic of China is the national authority for supervision and administration of inbound and outbound passages. The Customs shall, in accordance with the Customs Law and other relevant laws and administrative regulations, supervise and administer inbound and outbound means of transport, goods, luggage, postal items and other articles, and collect customs duties and other taxes and fees. Imported goods shall be subject to Customs supervision from the time of their entry into the territory until the completion of Customs formalities; exported goods shall be subject to Customs supervision from the time of their declaration to the Customs until their exit from the territory; and transit, transshipment and through goods shall be subject to Customs supervision from the time of their entry into the territory until their exit from the territory. Unless otherwise provided, the declaration of import and export goods and the payment of customs duties may be handled by the consignors or consignees of the import and export goods or by an entrusted customs declaration enterprise.

Laws and Regulations Relating to Foreign Exchange

Pursuant to the "Regulations on the Administration of Foreign Exchange of the People's Republic of China" (《中華人民共和國外匯管理條例》) promulgated by the State Council on 29 January 1996, last revised on 5 August 2008 and taking effect on the same date, the circulation of foreign currencies within the territory of the People's Republic of China is prohibited, and no pricing or settlement shall be conducted in foreign currencies. For foreign exchange expenditures under current accounts, payment shall be made with self-owned foreign exchange or by purchasing foreign exchange from financial institutions engaged in the business of foreign exchange settlement and sale on the strength of valid documents, in accordance with the administrative provisions of the foreign exchange administration department of the State Council on foreign exchange payment and purchase. In addition, domestic institutions and domestic individuals that conduct direct investment overseas or engage in the issuance and trading of overseas securities and derivatives shall complete registration in accordance with the provisions of the foreign exchange administration department of the State Council.

Pursuant to the "Notice of the State Administration of Foreign Exchange on Reforming the Administration Method for Foreign Exchange Capital Account Settlement of Foreign-Invested Enterprises" (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (Hui Fa [2015] No. 19) (the "**Notice No. 19**") promulgated by the State Administration of Foreign Exchange ("SAFE") on 30 March 2015, which took effect on 1 June 2015, and subsequently the "Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Capital Account Settlement" (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) (the "**Notice No. 16**") further promulgated by SAFE on 9 June 2016 (in respect of the administration of foreign exchange settlement), the foreign exchange income under the capital account of a domestic institution and the RMB funds derived from its settlement shall not be used, directly or indirectly, for expenditures beyond the business scope of the enterprise or expenditures prohibited by national laws and regulations, nor shall they be used for granting loans to non-affiliated enterprises (except in cases where such activity is explicitly permitted by the business scope). Violations of the Notice No. 19 or the Notice No. 16 shall be subject to administrative penalties.

Pursuant to the "Notice of the State Administration of Foreign Exchange on Further Promoting Foreign Exchange Administration Reform and Improving the Verification of Authenticity and Compliance" (Hui Fa [2017] No. 3) (《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》) (the "**Notice No. 3**") promulgated by the State Administration of Foreign Exchange ("SAFE") on 26 January 2017 and taking effect on the same date, several capital control measures are stipulated in respect of the remittance of profits by domestic institutions to overseas institutions. Specifically, when a bank handles profit remittance business for a domestic institution with an amount equivalent to more than USD50,000 (exclusive), it shall, in accordance with the principle of true transaction, verify the board of directors' resolution on profit distribution, the original tax filing form and the audited financial statements, and affix a seal on the original tax filing form to endorse the amount and date of this remittance. A domestic institution shall first make up for the losses of previous years in accordance with the law before remitting profits overseas.

Laws and Regulations Relating to Taxation

(1) Enterprise Income Tax

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法》) promulgated by the NPC Standing Committee on 16 March 2007, last revised and taking effect on 29 December 2018 and the "Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on 6 December 2007, last revised on 6 December 2024 and taking effect on 20 January 2025, an enterprise that is established in accordance with the law within the territory of the People's Republic of China, or established in accordance with the laws of a foreign country (region) but with its actual management institution located within the territory of the People's Republic of China shall be a resident enterprise. A resident enterprise shall pay enterprise income tax at a tax rate of 25% on its income derived from sources both within and outside the territory of the People's Republic of China. The State grants enterprise income tax preferences to industries and projects that are prioritized for support and encouraged for development. High and new technology enterprises that are prioritized for support by the State shall be subject to enterprise income tax at a reduced rate of 15%.

(2) Value-Added Tax

Pursuant to the "Value-Added Tax Law of the People's Republic of China" (《中華人民共和國增值税法》) promulgated by the NPC Standing Committee on 25 December 2024, and taking effect on 1 January 2026 and the "Implementation Rules for the Provisional Regulations on Value-Added Tax of the People's Republic of China" (《中華人民共和國增值税暫行條例實施細則》) promulgated by the Ministry of Finance on 25 December 1993, last revised on 28 October 2011 and taking effect on 1 November 2011, entities and individuals engaged in the sale of goods, provision of processing, repair and replacement services, sale of services, intangible assets and real estate within the territory of the People's Republic of China, as well as the import of goods, shall be taxpayers of value-added tax and shall pay value-added tax in accordance with the law. Pursuant to the "Notice of the Ministry of Finance and the State Taxation Administration on Adjusting the Value-Added Tax Rate" (《財政部、國家税務總局關於調整增值税税率的通知》) promulgated by the Ministry of Finance and the State Taxation Administration on 4 April 2018 and taking effect on 1 May 2018, for taxpayers engaged in taxable sales activities of value-added tax or importing goods, the original applicable tax rates of 17% and 11% shall be adjusted to 16% and 10% respectively. Pursuant to the "Announcement on Policies Concerning Deepening the Reform of Value-Added Tax" promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019 and taking effect on 1 April 2019, for general taxpayers of value-added tax engaged in taxable sales activities of value-added tax or importing goods, the original applicable tax rate of 16% shall be adjusted to 13%, and the original applicable tax rate of 10% shall be adjusted to 9%.

(3) Dividend Withholding Tax

Pursuant 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税和防止偷漏税的安排》) promulgated on 21 August 2006 and taking effect on 8 December 2006, the withholding tax rate applicable to dividends paid by a Chinese company to a Hong Kong resident shall not exceed 5%, provided that the recipient is a company which holds at least 25% of the capital of the Chinese company. Where the recipient is a company which holds less than 25% of the capital of the Chinese company, the withholding tax rate applicable to dividends paid by the Chinese company to the Hong Kong resident shall not exceed 10%.

In addition, pursuant to the "Circular of the State Taxation Administration on Issues Concerning the Implementation of the Dividend Clause in Tax Treaties" (Guo Shui Han [2009] No. 81) (《國家税務總局關於執行税收協定股息條款有關問題的通知》) promulgated and taking effect on 20 February 2009, where a Chinese resident company pays dividends to a tax resident of the other contracting party to a tax treaty, and such tax resident of the other party (or the dividend recipient) is the beneficial owner of the dividends, the tax resident of the other party may enjoy the benefits of the tax treaty in respect of the dividends so obtained, provided that the following conditions are simultaneously satisfied:

(1) The taxpayer eligible for enjoying the benefits of the tax treaty shall be a tax resident of the other contracting party to the tax treaty;

(2) The taxpayer eligible for enjoying the benefits of the tax treaty shall be the beneficial owner of the relevant dividends;

(3) The dividends eligible for enjoying the benefits of the tax treaty shall be equity investment incomes such as dividends and bonuses determined in accordance with the provisions of China's domestic tax laws; and

(4) Other conditions as prescribed by the State Taxation Administration.

Where a tax resident of the other contracting party to a tax treaty directly holds more than a certain percentage of the capital (generally 25% or 10%) of the Chinese resident company that pays the dividends, the dividends obtained by such tax resident of the other party may be taxed at the rate prescribed in the tax treaty. For such tax resident of the other party to enjoy the benefits of the tax treaty, the following conditions shall be satisfied simultaneously:

(1) The tax resident of the other party that obtains the dividends shall be limited to a company in accordance with the provisions of the tax treaty;

(2) The percentages of the total owner's equity and voting shares of the Chinese resident company directly held by the tax resident of the other party shall both comply with the prescribed percentage; and

(3) The percentage of the capital of the Chinese resident company directly held by the tax resident of the other party shall comply with the percentage prescribed in the tax treaty at any time within the consecutive 12 months prior to the acquisition of the dividends.

(4) Tax Preferential Policies for the Integrated Circuit Industry

As listed in the "Guidelines on Tax and Fee Preferential Policies for Software Enterprises and Integrated Circuit Enterprises (2022)" (《軟件企業和集成電路企業稅費優惠政策指引(2022)》) issued by the State Taxation Administration on 21 May 2022 and became effective on the same date, the integrated circuit industry is entitled to various tax preferences. For instance, enterprises engaged in integrated circuit design, equipment, materials, packaging and testing that are encouraged by the state are eligible for regular reduction or exemption of enterprise income tax; key integrated circuit design enterprises encouraged by the state are eligible for regular reduction or exemption of enterprise income tax; and the staff training expenses incurred by integrated circuit design enterprises may be deducted before tax based on the actual amount incurred, among others.

Pursuant to the "Notice of the State Council on Printing and Distributing Several Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and Software Industry in the New Era" (Guo Fa [2020] No. 8) (《國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》) (the "**Notice No. 8**") promulgated by the State Council on 27 July 2020 and became effective on the same date, for enterprises engaged in integrated circuit design, equipment, materials, packaging and testing as well as software enterprises that are encouraged by the state, enterprise income tax shall be exempted for the first to the second years starting from the profit-making year, and shall be levied at half of the statutory tax rate of 25% for the third to the fifth years. For key integrated circuit design enterprises and software enterprises that are encouraged by the state, enterprise income tax shall be exempted for the first to the fifth years starting from the profit-making year, and shall be levied at a reduced tax rate of 10% in the subsequent years. On the basis of the Notice No. 8, the "Notice of the National Development and Reform Commission and Other Departments on the Requirements Concerning the Formulation of the List of Integrated Circuit Enterprises or Projects and Software Enterprises Eligible for Tax Preferential Policies in 2023" (《國家發展改革委等部門關於做好2023年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知》) promulgated on 17 March 2023 and became effective on the same date provides detailed specifications on the enterprise conditions and project standards for enjoying tax preferential policies.

In addition, pursuant to the "provisions of the Notice on Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and Software Industry" (Cai Guan Shui [2021] No. 4) (《關於支持集成電路產業和軟件產業發展進口稅收政策的通知》) promulgated by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on 16 March 2021 and became effective on 27 July 2020, import customs duties shall be exempted for import activities that meet the circumstances listed in the said provisions, and the implementation period shall be from 27 July 2020 to 31 December 2030.

(5) Tax Policies on Super-deduction of R&D Expenses

According to the Circular on Improving the Policy on Super-deduction of R&D Expenses (《關於完善研究開發費用稅前加計扣除政策的通知》) promulgated by the STA, the MOF and the MOST, effective from January 1, 2016 onwards, enterprises carrying out R&D activities are entitled to claim super-deduction of R&D expenses amounting to 50% of its research and development expenses in determining its tax assessable profits for the year. The super-deduction ratio of R&D expenses increased from 50% to 75%, effective from January 1, 2018 to December 31, 2020, according to the new tax incentives policy, the Notice of Increasing the Ratio of the Super-deduction of R&D Expenses (《關於提高研究開發費用稅前加計扣除比例的通知》) promulgated by the STA, the MOF and the MOST in September 2018. The applicable period of this policy was subsequently extended to December 31, 2023, pursuant to the Announcement of the MOF and the STA on Extending the Implementation Period of Some Preferential Tax Policies (《財政部稅務總局關於延長部分稅收優惠政策執行期限的公告》) issued on January 29, 2021. The ratio of the super-deduction of R&D expenses has been further increased to 100% for enterprises entitled to 75% super-deduction of R&D expenses during the period from October 1, 2022 to December 31, 2022, and such enterprises are allowed to deduct the full amount of equipment and appliances newly purchased during the period from October 1, 2022 to December 31, 2022 from the taxable income amount on a one-off basis in the current year, according to the Announcement on Increasing Super-deduction in Support of Scientific and Technological Innovation (《關於加大支持科技創新稅前扣除力度的公告》) promulgated by the STA, the MOF and the MOST in September 2022. According to the Announcement of the MOF and the STA on Further Improving the Pre-tax Deduction Policy for R&D Expenses (2023) (《財政部稅務總局關於進一步完善研發費用稅前加計扣除政策的公告(2023)》), where R&D expenses actually incurred by an enterprise when it conducts any R&D activity have not been included in the current profit and loss, from January 1, 2023 onwards, 100% of the amount of R&D expenses actually incurred in this year shall be deducted from the amount of taxable income in this year, and where intangible assets have been formed, 200% of the costs of the intangible assets shall be amortized before tax.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS AND OPERATIONS IN HONG KONG

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

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

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

(i) where there is a contract for the sale of goods by description, the goods shall correspond with the description;

(ii) where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (a) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (b) of such standard of appearance and finish; (c) as free from defects (including minor defects); (d) as safe; and (e) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all the other relevant circumstances;

(iii) where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose; and

(iv) where there is a contract for sale by sample, (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

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

Transfer Pricing

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

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS AND OPERATIONS IN THE NETHERLANDS

The following is a high-level summary of the key laws and regulations in the Netherlands applicable to SI Netherlands as a Dutch private limited liability company. Our management has indicated that no sector-specific laws or regulations apply to (the scope of) the business and operations of SI Netherlands.

Corporate

The primary legislation governing the formation and operation of companies in the Netherlands is the Dutch Civil Code (*Burgerlijk Wetboek*, "**DCC**"). A Dutch private limited liability company (*besloten vennootschap*, "**B.V.**") is a common corporate form used by foreign-invested enterprises. A B.V. must be incorporated by notarial deed and registered with the Dutch Trade Register (*Handelsregister*) maintained by the Dutch Chamber of Commerce (*Kamer van Koophandel*). The management board (*bestuur*) is responsible for the day-to-day management of the company. A B.V. may also have a supervisory board (*raad van commissarissen*), supervising the management board, which is mandatory for companies meeting certain size thresholds under the Dutch large companies regime (*structuurregeling*). Directors and officers owe fiduciary duties to the company and may be held personally liable in cases of mismanagement (*onbehoorlijk bestuur*). Annual accounts must be prepared and filed with the Trade Register in accordance with Book 2, Title 9 of the DCC, with audit requirements depending on the size of the company.

Employment and Social Security

Employment relationships in the Netherlands are governed by Book 7, Title 10 of the DCC and supplemented by various specific laws, including the Work and Security Act (*Wet werk en zekerheid*) and the Balanced Labour Market Act (*Wet arbeidsmarkt in balans*). Employment contracts may be for a definite or indefinite term. Dutch law imposes detailed requirements regarding, among others, minimum wage, working hours, holiday entitlements, equal treatment of employees and dismissal protection. Dismissal of employees generally requires prior approval of the Employee Insurance Agency (*UWV*) or dissolution by the district court. Employers are required to contribute to social security schemes, including employee insurance contributions for unemployment, disability and sickness benefits, as well as to national insurance contributions. The Works Councils Act (*Wet op de ondernemingsraden*) requires undertakings with fifty or more employees in the Netherlands to establish a works council (*ondernemingsraad*), which has advisory and consent rights with respect to certain business and employment-related decisions.

Tax

The Dutch tax regime applicable to companies is principally governed by the Corporate Income Tax Act (*Wet op de vennootschapsbelasting 1969*), the Dividend Withholding Tax Act (*Wet op de dividendbelasting 1965*), and the Value Added Tax Act (*Wet op de omzetbelasting 1968*). The standard corporate income tax rate is 25.8% on taxable profits exceeding EUR 200,000 (with a reduced rate of 19% on the first EUR 200,000). The Netherlands levies dividend withholding tax at a rate of 15% on distributions to shareholders, subject to applicable treaty reductions and domestic exemptions. The standard value added tax rate is 21%, with a reduced rate of 9% applicable to certain goods and services. Companies are required to register with the Dutch Tax Authority (*Belastingdienst*) and to file periodic tax returns. Transactions between affiliated enterprises are subject to transfer pricing rules which generally follow the OECD Transfer Pricing Guidelines. Companies must maintain appropriate transfer pricing documentation. In addition, the Netherlands offers a tax incentive for research and development activities under the Research and Development (Promotion) Act (*Wet Bevordering Speur- en Ontwikkelingswerk*), which allows qualifying companies to reduce their wage tax and social security contributions for employees engaged in qualifying R&D activities.

Data Protection

Companies operating in the Netherlands are subject to the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"), which is directly applicable in all EU Member States, as supplemented by the Dutch GDPR Implementation Act (*Uitvoeringswet AVG*). The GDPR prescribes a comprehensive framework for the processing of personal data, including requirements regarding lawfulness of processing, transparency, data minimisation, data subject rights, data breach notification obligations and restrictions on the transfer of personal data to countries outside the

European Economic Area. The Dutch Data Protection Authority (*Autoriteit Persoonsgegevens*) is the supervisory authority responsible for monitoring and enforcing compliance with the GDPR in the Netherlands. Non-compliance with the GDPR can result in administrative fines of up to EUR 20 million or 4% of the total worldwide annual turnover of the undertaking, whichever is higher.

Trade Secrets

The protection of trade secrets in the Netherlands is governed by the Dutch Trade Secrets Protection Act (*Wet bescherming bedrijfsgeheimen*, "**Wbb**"), which implements Directive (EU) 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure. Under the Wbb, a trade secret is defined as information that: (i) is secret in the sense that it is not generally known or readily accessible, (ii) has commercial value because it is secret, and (iii) has been subject to reasonable measures to keep it secret. Holders of trade secrets may seek civil remedies against parties who unlawfully acquire, use or disclose such information, including injunctions, damages, seizure and destruction of infringing goods. Companies are advised to implement appropriate confidentiality measures, including contractual protections such as non-disclosure agreements, to establish and maintain the protected status of their trade secrets.

Product Liability

Under Dutch product liability law, the producer of defective goods may be liable for damages under the product liability regime in the DCC (article 6:185 of the DCC and following) as well as under general tort law (article 6:162 of the DCC). The product liability regime in the DCC implements the EU Product Liability Directive (Directive 85/374/EEC) and provides for strict liability since it does not require the producer to be at fault. A product is considered defective when it does not provide the safety which a person is entitled to expect, taking all circumstances into account.

Environmental Law

Companies doing business in the Netherlands are subject to the Dutch Environmental Management Act (*Wet milieubeheer*) and the Environment and Planning Act (*Omgevingswet*), as well as EU environmental legislation. These laws impose obligations relating to, among others, environmental permits, emissions reporting, waste management and the storage and handling of hazardous substances. The Dutch environmental authorities may impose administrative penalties and enforcement measures for non-compliance.

Lease of Commercial Property

The lease of commercial property (office and retail space) in the Netherlands is governed by Book 7, Title 4 of the DCC, which distinguishes between retail space (*winkelruimte*, article 7:290 of the DCC) and other commercial space such as offices (*overige bedrijfsruimte*, article 7:230a of the DCC). Lessees of retail space enjoy significant statutory protection, including mandatory minimum lease terms and restrictions on rent adjustments. Lessees of office space benefit from more limited protection, principally a right to request eviction protection (*ontruimingsbescherming*) for a maximum of three (3) years. Lease agreements for commercial property in the Netherlands are typically entered into on the basis of standardized general terms and conditions published by the Real Estate Council (*Raad voor Onroerende Zaken*), which are commonly used in practice and contain detailed provisions on maintenance obligations, permitted use, subletting and liability.

Anti-Money Laundering

The Netherlands has implemented the EU Anti-Money Laundering Directives through the Anti-Money Laundering and Counter-Terrorist Financing Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*, "**Wwft**"). The Wwft imposes obligations on designated entities (including financial institutions and certain professional service providers) to conduct customer due diligence, monitor transactions and report unusual transactions to the Financial Intelligence Unit Netherlands (*FIU-Nederland*).

Sanctions

As a Member State of the European Union, the Netherlands implements all EU sanctions regulations, which are directly applicable. In addition, the Sanctions Act 1977 (*Sanctiewet 1977*) provides the legal framework for the implementation of sanctions imposed by the United Nations Security Council and by the EU. Dutch companies must ensure compliance with applicable sanctions regimes, including restrictions on transactions involving designated persons, entities and jurisdictions.

INTERNATIONAL SANCTIONS AND EXPORT CONTROL LAWS

U.S. Sanctions Laws

U.S. sanctions apply to all U.S. persons, including all U.S. citizens and permanent residents regardless of where they are located, all individuals and entities within the United States, and all U.S. incorporated entities and their foreign branches. The Office of Foreign Assets Control ("**OFAC**") administers and enforces economic sanctions programs primarily against countries and groups of individuals.

Depending on whether a U.S. nexus exists in the prohibited transaction, the U.S. sanction regimes impose restrictions on Primary Sanctioned Activity and Secondary Sanctioned Activity. Primary sanctions prohibit U.S. persons or non-U.S. persons with a U.S. nexus from engaging in transactions with countries, entities, or individuals subject to primary sanctions. Secondary sanctions target non-U.S. persons conducting transactions with sanctioned parties outside U.S. jurisdiction, even if no U.S. nexus exists.

U.S. Export Control Laws

The Bureau of Industry and Security of the U.S. Department of Commerce regulates exports of commercial and dual-use products, and software and technology. These controls are authorized by the Export Administration Act of 1979, as amended and extended, and implemented by the Export Administration Regulations ("**EAR**," 15 C.F.R. Parts 730-774).

The EAR applies to exports of commodities, software and technical data from the U.S. to foreign countries, re-exports from one foreign country to another, and in-country transfers within a foreign country. In addition, the EAR applies to shipments from one foreign country to another of foreign-made products that incorporate more than a *de minimis* amount of U.S.-controlled parts, components, or materials (the "**De Minimis Rules**"), as well as foreign-made products that are direct products of certain controlled U.S. software or technology (the "**Foreign Direct Product Rules**"). Unlike U.S. export controls, EU export controls typically do not apply to re-exports or transfers outside of the EU.

E.U. Sanctions Laws

The EU implements all sanctions adopted by the United Nations Security Council to maintain or restore international peace and security. UN sanctions are automatically transposed into EU law. Occasionally, the EU applies additional measures to complement and reinforce United Nations sanctions. The EU also adopts autonomous sanctions to fight against terrorism financing, defend human rights and democratic institutions, or prevent the proliferation of chemical weapons or weapons of mass destruction. Most sanctions adopted by the EU are targeted at individuals and entities consisting of asset freezes, travel bans, and the prohibition of making funds and economic resources available to listed entities or individuals. The freezing of funds and economic resources includes assets owned or controlled by targeted individuals or organizations (such as cash, bank deposits, stocks, shares, etc.) that may not be accessed, moved, or sold, and real estate that may not be sold or rented. Visa or travel bans prevent individuals from entering the territory of the EU.

The EU also adopts targeted sectoral sanctions, such as economic and financial measures (e.g. import and export restrictions of goods and technologies, restrictions on banking services) or arms embargoes to prohibit exporting weapons and other goods that could be used in conflicts or for internal repression.