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## REGULATORY OVERVIEW

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This section sets forth a summary of the most significant PRC laws, rules and regulations that affect our current business activities in the PRC.

### 1. REGULATIONS IN RELATION TO FOREIGN INVESTMENT

The establishment, operation and management of companies in PRC are governed by the PRC Company Law (《中華人民共和國公司法》) (the “Company Law”), which was promulgated by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) (the “SCNPC”) on December 29, 1993, last revised on December 29, 2023 and came into effect on July 1, 1994, and is applicable to all companies established in the PRC (including foreign-invested companies), except otherwise set out in any other regulations., except where foreign-investment related laws provide otherwise. Under the Company Law, companies established in the PRC shall be in the forms of limited liability companies and companies limited by shares.

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”), which was promulgated by the National People’s Congress (全國人民代表大會) (the “NPC”) on March 15, 2019, established the basic regulatory framework for foreign investments. The Law provides that (1) natural persons, enterprises or other organizations of foreign countries (hereinafter referred to as “foreign investors”) shall not invest in any field forbidden by the negative list for access of foreign investment (hereinafter referred to as the “negative list”); (2) for any field restricted by the negative list for access of foreign investment, foreign investors shall conform to the investment conditions provided in the negative list; (3) fields not included in the negative list for access of foreign investment shall be managed under the principle that domestic investment and foreign investment shall be treated uniformly. The Law and the implementing regulations also established a system to promote, protect and regulate foreign investment. It also introduced the foreign investment information reporting system, by which foreign investors or foreign-funded enterprises shall report investment information to commerce departments through the enterprise registration system and the National Enterprise Credit Information Publicity System.

According to the Implementation Regulations on the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “Implementation Regulations”), which was promulgated on December 26, 2019 and came into effect on January 1, 2020, it was further provided that the state shall develop a catalog of industries for encouraging foreign investment to specify industries, fields and regions where foreign investors are encouraged and directed to invest as needed for national economic and social development.

According to the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2024 Version), which was promulgated on September 6, 2024 and came effective on November 1, 2024, the negative list shall be effective and supersede the previous negative list. Pursuant to the Foreign Investment Law, the Implementation Regulations and the negative list, foreign investors shall not invest in any field forbidden by the negative list for access of foreign investment; for any field restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list. Industries not listed in the Negative List are generally deemed “permitted” for foreign investments. Pursuant to these list and catalog, the industry where the Company operates and foreign investments to be made does not fall within the restricted or prohibited catalog.

According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) promulgated on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. Foreign investors or the relevant parties in China shall proactively report any foreign investment within the following scope to the Office of the Working Mechanism before making the investment: (1) Investment in the arms industry, an ancillary to the arms industry or any other field related to national defense security and investment in an area surrounding a military installation or an arms industry facility; (2) Investment in important

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agricultural products, important energy and resources, critical equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technology or any other important field related to national security, resulting in the foreign investor’s acquisition of actual control of the enterprise invested in.

According to the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (the “Catalog”) issued by the National Development and Reform Commission (the “NDRC”) and the Ministry of Commerce (the “MOC”) on October 26, 2022 and became effective on January 1, 2023, the state shall encourage and direct foreign investors to invest in particular industries, fields and regions as needed for national economic and social development. The advanced packaging & testing business that the Company has been engaged in falls with the scope of industries for encouraging foreign investment.

### **2. LAWS, REGULATIONS AND POLICIES RELATING TO INTEGRATED CIRCUIT INDUSTRY**

The key regulator of the industry where the Company operates is the Ministry of Industry and Information Technology of the People’s Republic of China (the “MIIT”). It is mainly responsible for developing strategics, planning and industrial policies for industrial development, formulating technical standards for guiding the industry in technical innovation and advancement, and organization and implementation of national key scientific and technological programs in achieving industrialization of scientific and research findings.

The Outline for Advancing the National Integrated Circuit Industry, which was issued by the State Council on June 24, 2014, called for efforts to strengthen the development of packaging and testing business, and vigorously promote merge and restructuring of domestic packaging and testing companies in enhancing industrial consolidation. It also called for efforts to cater needs for evolvement and upgrading of the design and manufacturing process relating to integrated circuits through development and industrialization of advanced packaging and testing technologies such as Chip Scale Package (CSP), Wafer Level Packaging (WLP), Through-Silicon Via (TSV) and three-dimensional packaging.

The Made in China 2025 issued by the State Council on May 8, 2015 identified integrated circuits and specialized equipment as the key fields of “next-generation of new generation information technology” in enhancing application and compatibility of chips made in China. With high-density packaging and three-dimensional (3D) microelectronic packaging technologies, the capability of independent development in the field of packaging and testing industry shall be enhanced and the capability of supplying key manufacturing equipment shall be developed.

The Several Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry in the New Era issued by the State Council on July 7, 2020 encourages the development of advanced packaging and testing enterprise with policy support in the areas of finance and tax, investment and financing, R&D, exports and imports, talents and intellectual property.

According to the Notice Concerning Corporate Income Policies Related to Promotion of High Quality Development in Integrated Circuit Industry and Software Industry jointly issued by the MOF, the General Administration of Taxation, NDRC and the MIIT on December 11, 2020, key IC design enterprises and software enterprises encouraged by the state shall, from the profit-making year, be exempted from enterprise income tax from the first to the fifth year, and pay enterprise income tax at the reduced tax rate of 10% for consecutive years.

According to the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People’s Republic of China adopted by the NPC on March 11, 2021, the State will foster advanced manufacturing clusters and promote the innovation

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and development of industries such as integrated circuits, aerospace equipment, high-tech ships and ocean engineering equipment, robots, advanced railway equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, medicine and medical equipment.

According to the Notice by the State Council of Issuing the Plan for Development of the Digital Economy During the “14th Five-Year” Period promulgated by the State Council on December 12, 2021, innovation capability for key technologies needs to be strengthened during the “14th Five-Year” Period, with a focus on strategic and forward-looking fields including sensors, quantum information, internet communication, integrated circuit, critical software, big data, AI, blockchain and new materials. By giving full play to the institutional advantage of Chinese socialism, strengths of the new system for mobilizing resources nationwide and the strength of a mega market, the basic R&D capability for digital technologies will be strengthened. By shoring up weak links in key technologies, pursuing optimization and innovation of various ways of organization including open bidding for selecting the best candidates, with a focus on breakthrough in core technologies in key fields including high-end chips, operating system, industrial software and core algorithm and framework, the integrated R&D of key technologies such as general-purpose processing units, cloud computing system and software will be strengthened. In addition, the competitiveness of key links in the industrial chain will be enhanced by improving key industrial supply chain systems including 5G, integrated circuit, new energy vehicles, AI and industrial internet.

According to the Catalog for Guiding Industry Restructuring (2024 Version) issued by the NDRC on December 27, 2023, the encouragement category includes any one of the advanced packaging and testing technologies such as integrated circuit, design of integrated circuit, manufacturing of logic circuits and memorizers with IC line width of 65 nanometers or less, and IC manufacturing with peculiar technology and line width of 0.25 microns or less (including manufacturers of masks and silicon wafers of 8 inches and above), compound IC manufacturing with IC line width of 0.5 microns or less, as well as Ball Grid Array (BGA), Pin Grid Array (PGA), Chip Scale Packaging (CSP), Multi-Chip Module (MCM), Land grid array (LGA), System In Package (SIP), Flipchip (FC), Wafer-level packaging (WLP), Sensor Packaging (MEMS), 2.5D and 3D, or a combination of them, or manufacturing of equipment and key components for integrated circuit.

### 3. REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

According to the Foreign Trade Law of the People’s Republic of China that was last amended and the Regulation of the People’s Republic of China on the Administration of the Import and Export of Goods that was last amended on March 10, 2024, the State Council allows the free importation and exportation of goods and maintains the fairness and orderliness of the import and export of goods, unless it is clearly provided in laws or administrative regulations to forbid or restrict the import or export of goods.

According to the Provisions on the Recordation of Customs Declaration Entities of the People’s Republic of China promulgated by the General Administration of Customs of the People’s Republic of China (the “General Administration of Customs”) on November 19, 2021 and became effective on January 1, 2022, the consignee or consignor of imported or exported goods or a customs declaration enterprise shall only be required to apply for recordation with the customs and registration with the General Administration of Customs shall not be required. The recordation information shall be published through the Credit Publicity Platform of Import and Export Business of Customs of the People’s Republic of China”.

According to the Customs Law of the People’s Republic of China as amended by the SCNPC on April 29, 2021, the Customs shall be the state organ responsible for supervision and control over everything entering and leaving the customs territory (“entering or leaving the territory”). The Customs shall, in accordance with the law, exercise supervision and control over the means of

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transport, goods, travelers' luggage, postal items and other articles entering or leaving the territory, collect customs duties and other taxes and fees, uncover and suppress smuggling, work out customs statistics and handle other customs operations.

According to the Foreign Trade Law of the People's Republic of China as last amended on December 30, 2022, the requirement that the foreign trade operators engaged in import and export of goods or technologies shall process the filing and registration with the foreign trade authority under the State Council or its entrusted agencies was abolished.

According to the requirements by the Notice on Matters Related to the Filing of the Consignees and Consignors of Import and Export Goods that became effective on January 3, 2023 and the Provisions on the Recordation of Customs Declaration Entities that became effective on January 1, 2022, where the consignee or consignor of imported or exported goods applies for recordation, it shall obtain the qualification of market entities, and shall not be required to be filed as a foreign trade business.

#### **4. REGULATIONS RELATING TO PRODUCT QUALITY AND PROTECTION OF CONSUMER RIGHTS AND INTERESTS**

The Product Quality Law of the People's Republic of China that became effective on September 1, 1993 and lastly amended on December 29, 2018 provides that the products sold shall conform to safety standards. The producers shall not adulterate their products or posing fake ones as genuine, inferior ones as superior or sub-standard ones as standard. Any violation may lead to damages or administrative penalty in a civil case, or criminal liability when the circumstance is serious.

The Law of the People's Republic of China on Protection of Consumer Rights and Interests that became effective on January 1, 1994, last amended on October 25, 2013 and became effective on March 15, 2014 provides that the business operators shall guarantee that the commodities and services they supply meet the requirements for personal or property safety. As to commodities and services liable to harm personal or property safety, business operators shall give the consumers truthful explanation and clear out warnings, and shall explain or indicate the correct ways of using the commodities or receiving services as well as the methods of preventing damage. Business operators shall, upon discovery of defects, adopt measures such as cessation of sale, issuance of a warning, recall, harmless treatment, destruction, and cessation of production or service. Any violation may lead to penalties including fines and suspension of license, or prosecution for criminal liability in accordance with law if a crime is constituted.

#### **5. REGULATIONS RELATING TO PRODUCTION SAFETY**

According to the Production Safety Law of the People's Republic of China that was last amended on June 10, 2021 and became effective on September 1, 2021, the system of affixing responsibilities to production safety accidents is implemented in the State. Enterprises shall establish and perfect the system of responsibility relating to production safety, provide labor protection articles and hold trainings in production safety. Any violation may lead to liability in accordance with the law.

#### **6. REGULATIONS RELATING TO LAND, PLANNING AND CONSTRUCTION PERMITS**

##### **Right of land use:**

According to regulations including the Land Administration Law of the People's Republic of China and the Interim Regulation on Real Estate Registration, the land owned by the State may be allocated or assigned in accordance with the law. To be effective, changes in real estate rights shall be registered.

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### **Construction land planning permit:**

According to the Urban and Rural Planning Law of the People's Republic of China, the entity that has obtained the right of land use over the land owned by the State shall obtain this permit, and failure to do so will lead to cancellation of the approval document and surrender of the land.

### **Construction project planning permit:**

For construction within a city planning area, the construction entity shall apply for this permit. Any construction without such permit may lead to penalties including fines or demolition.

### **Construction permit:**

According to the Construction Law of the People's Republic of China and the Regulation on the Quality Management of Construction Projects, a construction permit shall be obtained before commencement of the construction project. Construction without such permit may lead to suspension of works and fines.

### **Filing of as-built inspection:**

The project shall pass the as-built inspection and go through filing formalities upon completion. Projects illegally delivered for use without inspection or failing to pass the inspection shall be subject to fine and compensation for loss incurred.

## **7. REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION**

Pursuant to the PRC Environmental Protection Law, last amended on April 24, 2014 and implemented on January 1, 2015, the PRC Law on Environment Impact Assessment, last amended on December 29, 2018, and the Regulations on the Administration of Construction Project Environmental Protection, which was last amended on July 16, 2017 and became effective on October 1, 2017, classification-based management shall be applied to environment impact assessment of construction projects according to their degree of impact on the environment. The construction entity concerned shall prepare the Environmental Impact Report or Environmental Impact Statement or fill out the Environmental Impact Registration Form according to relevant requirements. If the environmental impact evaluation document of the construction project fails to be examined by the examination and approval department in accordance with the law or is not approved after examination, the construction unit may not start construction.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing, which was promulgated on April 1, 2024 and implemented on July 1, 2024, the Regulations on the Administration of Pollutant Discharge Permits, which was promulgated on January 24, 2021, and the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Version), which was promulgated on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented based on factors such as the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. The pollutant discharging entity subject to registration management does not need to apply for the pollutant discharge permit.

## **8. REGULATIONS RELATING TO HAZARDOUS CHEMICALS**

The Regulations on the Safety Management of Hazardous Chemicals, the Regulations on the Management of Poisonous Chemicals, the Measures for the Public Security Management for Explosives and other regulations implement a licensing system for the production, storage, operation and transportation of hazardous chemicals. Enterprises shall obtain relevant permits and file the flow information.

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### 9. REGULATIONS RELATING TO ENERGY CONSERVATION

Pursuant to the Energy Conservation Law of the PRC and the Measures for Energy Conservation Review and Carbon Emission Assessment of Fixed-Asset Investment Projects, the State shall implement an energy conservation assessment and review system. Projects which do not pass the energy conservation review shall not commence construction or be put into use.

### 10. REGULATIONS RELATING TO FIRE SAFETY

According to the Fire Protection Law of the PRC, application for fire assessment inspection and acceptance or filing shall be submitted upon completion of constructions projects. Projects which have not passed the inspection or have failed random checks shall not be put into use.

### 11. REGULATIONS RELATING TO DATA SECURITY, CYBERSECURITY AND INFORMATION SECURITY

There are the Cybersecurity Law of the PRC, the Data Security Law of the PRC, the Cybersecurity Review Measures, the Regulation on Network Data Security Management, the Personal Information Protection Law of the PRC, the Measures for the Security Assessment of Cross-border Data Transfer, the Administrative Measures for Data Security in the Field of Industry and Information Technology (for Trial Implementation) and other laws and regulations.

Critical information infrastructures operators and enterprises which process important data or a large amount of personal information shall be subject to security reviews, assessment and filing according to the law. Cross-border data transfer shall pass the security assessment.

### 12. REGULATIONS RELATING TO INTELLECTUAL PROPERTY

#### **Patent:**

According to the Patent Law of the PRC, which was last amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Rules for the Patent Law of the PRC, which was last amended on December 11, 2023 and came into effect on January 20, 2024, invention creations eligible for the application of a patent shall include inventions, utility models and designs. The PRC patent system adopts a “first come, first file” principle, which means that where more than two persons file a patent application for the same invention, a patent will be granted to the person who applies first.

#### **Trademark:**

The Trademark Law of the PRC, which was last amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Regulations for the Trademark Law of the PRC, which was last amended on April 29, 2014 and came into effect on May 1, 2014, prescribe the process of registration, de-registration, renewal, alteration, transfer and invalidation of a trademark.

#### **Copyright:**

According to the Copyright Law of the PRC last amended on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations for the Copyright Law of the PRC promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and came into effect on March 1, 2013, works of Chinese citizens, legal persons or unincorporated organizations, whether published or not, are entitled to copyright in accordance with this law.

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Pursuant to the Regulations on the Protection of Computer Software last amended on January 30, 2013 and became effective on March 1, 2013, and the Measures for the Registration of Computer Software Copyright promulgated by the National Copyright Administration on February 20, 2002, “computer software” (the “software”) refers to computer programs and related files. Chinese citizens, legal persons or other organizations enjoy the copyright of the software he/it has developed, whether the software is released publicly or not. Software copyright commences from the date on which the development of the software is completed. The protection period for software copyright of a legal person or other organization shall be 50 years, concluding on December 31 of the 50th year after the software’s initial release. But if the software has not been released within 50 years from the date on which the software development is completed, it shall no longer receive protection.

### **Domain Name:**

Pursuant to the Administrative Measures on the Internet Domain Names promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. The MIIT is the main regulatory authority responsible for implementing supervision and administration over domain name services nationwide. Domain names registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions.

### **13. REGULATIONS RELATING TO LABOR AND EMPLOYMENT, SOCIAL INSURANCE AND HOUSING PROVIDENT FUNDS**

The Labor Law of the PRC and the Labor Contract Law of the PRC provide that employers shall enter into labor contracts with employees, comply with the minimum wage standards and establish a system governing labor safety.

The Social Insurance Law of the PRC prescribes that employers shall contribute to the pension insurance, medical insurance, unemployment insurance, occupational injury insurance and maternity insurance for their employees. Employers who fail to do so may be ordered to make full payment and subject to a penalty.

The Regulations on the Housing Provident Fund provides that employers shall contribute to the housing provident funds of their employees. The rate of contribution shall not be lower than 5% of the employee’s average monthly salary in the previous year.

### **14. REGULATIONS RELATING TO TAX**

**Enterprise Income Tax:** The Enterprise Income Tax Law of the PRC provides that resident enterprises shall pay enterprise income tax at the tax rate of 25%. High and New Technology Enterprises are entitled to the preferential tax rate of 15%.

**Value-added Tax:** According to the Interim Regulations on Value-added Tax of the PRC and the Value-added Tax Law promulgated in 2024, the sales of goods, labor, services, intangible assets, immovable property and imported goods are subject to value-added tax, at rates of 13%, 9%, 6% and others varying by industry.

### **15. REGULATIONS RELATING TO FOREIGN EXCHANGE ADMINISTRATION**

Pursuant to the Regulations of the PRC on Foreign Exchange Control, Renminbi is freely convertible for current account items. Conversion of Renminbi for capital account items shall obtain approval from the SAFE. Foreign-invested enterprises could use the settlement of foreign exchange capital for domestic investment according to the law.

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Pursuant to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control Pertaining to Overseas Listing, the SAFE and its branches and shall implement supervision, administration and inspection of business registration, account opening and usage, cross-border receipts and payments, fund remittance etc. involved in overseas listing of domestic companies. A domestic company shall complete registration formalities for overseas listing with the foreign exchange administration with relevant materials at its domicile of registration within 15 working days from completion of issuance for its overseas listing.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Deepening the Reform to Facilitate Cross-border Trade and Investment, 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.

### 16. REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

Pursuant to the Company Law, 10% of profits shall be allocated to the Company’s statutory reserve funds, until the aggregate amount of the statutory reserve funds has reached 50% of the Company’s registered capital. There shall not be any profit distribution before the Company covers its loss.

### 17. REGULATIONS RELATING TO OVERSEAS LISTING

Pursuant to the Trial Measures for the Administration of Overseas Securities Offering and Listing of Securities by Domestic Enterprises and the application guidelines for its supporting regulatory rules (the “Trial Measures”), unified filing management is implemented for direct and indirect overseas issuance and listing of securities by domestic enterprises, and the issuer shall perform filing procedures and report relevant information to the securities regulatory authorities under the State Council. Issuers directly listed overseas shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. In the following circumstances, issuers shall not issue securities and be listed overseas: (i) it is clearly prohibited from listing for financing by laws, administrative regulations, or relevant provisions of the PRC; (ii) overseas issuance or listing of securities may jeopardize national security as reviewed and determined by the relevant competent authorities of the State Council in accordance with the law; (iii) the domestic enterprises or their controlling shareholders, de facto controllers have committed corruption, bribery, embezzlement of property, misappropriation of property, or criminal offences that disrupted the socialist market economic order within the last three years; (iv) domestic enterprises are being investigated in accordance with the law due to suspected criminal or major illegal activities, and there is no clear conclusion or opinion yet; (v) there is a significant ownership dispute over the equity held by the controlling shareholders or shareholders controlled by the controlling shareholders and/or de facto controllers.

According to Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Companies (the “Provisions on Strengthening Confidentiality and Archives Administration”) jointly issued by the CSRC and other relevant departments on February 24, 2023 and effective on March 31, 2023, to provide or publicly disclose to the relevant securities companies, securities service agencies, overseas regulatory authorities and other entities and individuals any document or material involving State secrets or work secrets of State agencies, a domestic enterprise shall apply to the competent department with examination and approval authority for approval in accordance with the law, and file the same with the secrecy administration at the same level for the record. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.