## OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

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

### Laws and Regulations in Relation to Foreign Investment

Pursuant to the Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "**Company Law**") promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993 and effective on July 1, 1994, last amended on December 29, 2023 and effective on July 1, 2024, a company established in the PRC may be in the form of a limited liability company and a joint stock limited company. Both shall have the status of a legal person. The liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of registered capital they have contributed or shares they have subscribed for. 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**") was approved by the National People's Congress (the "**NPC**") on March 15, 2019 and came into effect on January 1, 2020, which superseded the Wholly Foreign-invested Enterprises Law of the People's Republic of China (《中華人民共和國外資企業法》), the Sino-foreign Equity Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合資經營企業法》) and the Sino-foreign Cooperative Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合作經營企業法》). Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors. While the organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law and other laws, the original approval and filing administration system for the establishment and change of foreign-invested enterprises was abolished. The PRC government implements the management system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry, which is no less favorable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC.

Investment activities in the PRC by foreign investors shall be subject to the Guiding Foreign Investment Direction (《指導外商投資方向規定》), which was promulgated by the State Council on February 11, 2002 and came into effect on April 1, 2002, and the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), which was promulgated by the National Development and Reform Commission (the "**NDRC**") and the Ministry of Commerce (the "**MOFCOM**") on September 6, 2024 and took effect on November 1, 2024. The Negative List sets out in a unified manner the special administrative measures, such as the requirements on shareholding percentages and management, for the access of foreign investments, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. The Company is engaged in research and development, design, production, manufacture and operation of intelligent hardware products, which do not fall into the category of businesses prohibited or restricted for foreign investment under the Negative List.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation (the "**SAMR**") issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), effective on January 1, 2020, which superseded the Interim Measures on the Administration of Filing for Establishment and Change of Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in the PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures. According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and 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. A foreign investor or a party concerned in the PRC shall take the initiative to make a declaration to the working mechanism office, prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security, while obtaining the actual control over the enterprises invested in.

**Regulations Relating to Cybersecurity and Data Security**

Pursuant to the Cybersecurity Law of the PRC (the "**Cybersecurity Law**") (《中華人民共和國網絡安全法》) issued by the SCNPC on November 7, 2016 and implemented on June 1, 2017, latest amended on October 28, 2025, and was effective on January 1, 2026, the state shall implement the rules for graded protection of cybersecurity. Network operators shall, according to the requirements of laws and regulations as well as the mandatory requirements of national and industry standards, develop internal security management mechanisms, take technical measures and other necessary measures to ensure network security and stable operation. The state emphasizes the protection of critical information infrastructure in important sectors and areas including, among other things, public telecommunications and information services, energy, transportation, irrigation, finance, public services and e-government, which may gravely affect national security, national economy, people's livelihood and public interest. Personal information and important data collected and produced by critical information infrastructure during operation shall be stored within the territory; where due to business requirements it is truly necessary to provide it outside the mainland, a security assessment shall be conducted according to the requirements of relevant departments. Under the Cybersecurity Law, where network operators provide network access and domain registration services for users, handle network access formalities for fixed-line or mobile phone users, or provide users with information release services, instant messaging services and other services, they shall require users to provide true identity information, or otherwise, the network operators shall not provide them with relevant services.

The Cybersecurity Law also specifies that the network operators shall provide technical support and assistance to public security and state security authorities for safeguarding national security and investigating criminal activities. Network operators in violation of the provisions of the Cybersecurity Law may be subject to penalties including, among other things, order for making rectifications, warnings or fines, confiscation of unlawful gains, order for temporary suspension of operations, suspension of business for corrections, closing down of websites, revocation of relevant operations permits.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021, which became effective on September 1, 2021, or the Data Security Law, data processing activities (including the collection, storage, use, processing, transmission, provision and disclosure of data) shall be carried out in accordance with the provisions of laws and regulations, a whole-process data security management system should be established and improved, data security education and training should be organized and carried out, and corresponding technical measures and other necessary measures should be taken to ensure data security. The use of the internet and other information networks to carry out data processing activities shall fulfill the aforementioned data security protection obligations based on the network security hierarchical protection system. Processors of important data should specify the person responsible for data security and management agencies to implement data security protection responsibilities.

Pursuant to the Cyber Security Review Measures (2021) (《網絡安全審查辦法(2021)》) promulgated by the CAC, the MIIT and certain authorities on December 28, 2021 and became effective on February 15, 2022, operators of critical information infrastructure purchasing network products and services, and online platform operators carrying out data processing activities that affect or may affect national security, shall conduct cyber security review. In addition, an online platform operator in possession of more than one million users' personal information must report to the cyber security review office for a cyber security review if it intends to list its securities abroad. Additionally, relevant governmental authorities in the PRC may initiate cybersecurity review if they determine an internet platform operator's network products or services or data processing activities affect or may affect national security.

According to the Measures for Data Security Administration in the Industry and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) issued by the MIIT on December 8, 2022, and effective from January 1, 2023, industrial and telecommunication data processors are required to classify data by first categorizing it based on its type, regularly assessing and assigning appropriate security levels, aligning data classification with industry requirements, business needs, data sources and purposes, and other pertinent factors, and ultimately compiling a data classification list. Additionally, industrial and telecommunication data processors should establish a robust data classification management system, continually enhance it, take measures to protect data based on security levels, conduct key protection of critical data, implement stricter management and protection measures for core data on the basis of critical data protection, and apply the highest level of security requirements when processing data with different security levels simultaneously. The Measures for Data Security also impose certain obligations on industrial and telecommunication data processors, including the implementation of a data security work system, encryption key management, data collection, storage, usage, and transmission, data access, transparency, data destruction practices, safety audits, and emergency response plans.

According to the Regulation on the Administration of Cyber Data Security (《網絡數據安全管理條例》) promulgated by the State Council on September 24, 2024, and effective from January 1, 2025, the Cyber Data Security Regulation sets forth specific requirements for data processors, including the obligation for internet data processors to apply for a cybersecurity review if their data processing activities impact or may impact national security.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which took effect on September 1, 2022 and required that the data processors providing data overseas and falling under any of the circumstances provided in Article 4 of the Measures for the Security Assessment of Cross-border Data Transfer shall apply for the security assessment of cross-border data transfer. On March 22, 2024, the CAC further promulgated the Provisions on Facilitating and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), establishing a multi-tiered approach for cross-border data provisions. Depending on the types of data operators and the nature and amount of data involved, different measures may apply, which may require the data processors to undergo data export security assessments, enter into standard contractual clauses, or obtain personal information protection certifications.

According to the Amendment (IX) to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) promulgated by the SCNPC on August 29, 2015, and effective from November 1, 2015, network service providers who violate the information network security management obligations set forth by relevant laws and refuse to rectify the violation after being ordered to do so shall be subject to criminal penalties if the circumstances are as serious as those stipulated in the Amendment (IX) to the Criminal Law of the PRC.

**Regulations Relating to Environmental Protection**

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by SCNPC on April 24, 2014 and became effective on January 1, 2015, enterprises, institutions and other manufacturing operators shall prevent and reduce environmental pollution and ecological damage, and shall be liable for damages caused by them pursuant to the law.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002 and implemented on September 1, 2003, and last revised on December 29, 2018, and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998 and subsequently revised on July 16, 2017, the State implemented the environmental impact assessment to classify construction projects according to the impact of the construction projects on the environment. Construction projects without undergoing assessment for environmental impact according to the laws cannot commence construction.

Pursuant to the Regulations on the Administration of Pollutant Discharge Licensing (《排污許可管理條例》), which was promulgated by the State Council on January 24, 2021 and took effect on March 1, 2021, the enterprises, public institutions and other producers and operators (hereinafter referred to as the "pollutant discharge entities") included in the classified management catalog of pollutant discharge permits for stationary sources of pollution shall apply for and obtain a pollutant discharge permit within the prescribed time limit; and those not included in the catalog are not required to do so for the time being. According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the MEP on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc, and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

**Regulations Relating to Leased Properties**

Pursuant to the Administrative Measures for Commercial Housing Leases (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and effective as of February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the lease contract with the real estate administration department of the People's Government of the centrally-administered municipality, municipality or county where the leased property is located. Failure to register the lease in accordance with the Measures may result in a fine ranging from RMB1,000 to RMB10,000 imposed on the parties to the lease contract.

**Regulations Relating to Intellectual Property Rights**

***Patents***

According to the Patent Law of the PRC (《中華人民共和國專利法》) issued by the SCNPC on March 12, 1984, last amended on October 17, 2020 and effective on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "**Patent Law Implementing Rules**"), which came into force on January 20, 2024, the patent administrative department under the State Council is responsible for the administration of patent-related work throughout the country and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within the respective administrative areas. The Patent Law and the Patent Law Implementing Rules provide for three categories of patents, namely inventions, utility models and designs. Invention patents are valid for twenty years, while utility model patents are valid for ten years, and design patents are valid for fifteen years, in each case from the date of application. The Chinese patent system adopts a "first-to-file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

***Copyrights***

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020, and effective on June 1, 2021, copyrights include personal rights such as the right of publication and that of attribution, as well as property rights such as the right of reproduction and that of distribution. Copyright protection extends to internet activities, products, and software products transmitted through the internet. Reproducing, distributing, performing, projecting, broadcasting, compiling a work, or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided under the Copyright Law of the PRC, shall constitute infringement of copyrights. The infringer shall undertake to cease the infringement, eliminate the impact, offer an apology and compensate for damages.

Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in the PRC and recognizes the China Copyright Protection Centre as the software registration organization. The China Copyright Protection Centre shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

***Trademarks***

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and effective as of November 1, 2019, as well as the Implementation Regulations for 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 August 3, 2002, last amended on April 29, 2014 and effective as of May 1, 2014, registered trademarks, including commodity trademarks, service marks and collective trademarks, certification marks. The trademark bureau of the administration for industry and commerce department of the State Council shall be in charge of trademark registration and administration nationwide; a registered trademark shall be valid for 10 years and grants a term of ten years to registered trademarks, and another ten years if requested upon expiry of the first or any renewed ten-year term; upon expiry of the validity period of a registered trademark, trademark registrant can complete renewal formalities within the 12-month period before the expiry date and the validity period of each renewal shall be 10 years. A principle of first come, first file is adopted in the registration of trademark in the PRC. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Applying for registration of a trademark shall not prejudice the existing right first obtained by others, nor could any person register in advance a trademark that has already been used by another party and has already gained a sufficient degree of reputation through such party's use. Using a trademark identical or similar to the registered trademark on the same or similar commodities without the permission of the trademark registrant constitutes an infringement on the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial measures and compensate for losses.

***Domain Names***

According to the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective as of November 1, 2017, the MIIT shall implement supervision and administration over domain name services nationwide; domain name registration services shall in principle implement "first apply first register"; domain name registration service organisations providing domain name registration services shall require applicants for domain name registration to provide true, accurate and complete domain name registration information of the domain name holder such as the identity information etc; upon completion of the domain name registration, the applicant will become the holder of such registered domain names.

**Regulations Relating to Foreign Exchange and Overseas Investment**

Pursuant to the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and last amended and implemented on August 5, 2008, RMB can be converted into other currencies for current accounts such as trade-related income and expenses and payments of interest and dividends. While for capital items such as direct equity investment, loan and divestment, the conversion of RMB into other currencies and the remittance of the converted foreign currencies outside China shall be subject to prior approval of the SAFE or its local branches.

The Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) ("**Circular 59**"), which was promulgated by SAFE on November 19, 2012 and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedure. Pursuant to Circular 59, the opening of various special purpose of foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), part of which was abolished in December 2019. It stipulates that banks shall, on behalf of SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

On May 11, 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (hereinafter referred to as the "**Circular 21**"), which became effective on May 13, 2013, amended on October 10, 2018, and partially abolished on December 30, 2019. Circular 21 stipulates that the SAFE and its local branches shall manage foreign investors' direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by the SAFE or its branches.

Pursuant to the Notice on Issues concerning Foreign Exchange Control Pertaining to Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), promulgated by the SAFE with immediate effect on December 26, 2014, domestic companies listed overseas shall submit the registration documents for their overseas listings to domestic banks to open designated foreign exchange accounts regarding their initial or follow-on offerings and share repurchases, and handle the exchange, transfer and remittance of relevant funds through such designated accounts, and the proceeds raised from overseas listings of a domestic company may be remitted into the PRC or deposited overseas, and the use of such proceeds shall be consistent with those set out in the document or other publicly disclosed documents such as the corporate bonds offering documentations, board resolutions or shareholders' resolutions.

On May 23, 2025, the People's Bank of China and the SAFE issued the Notice of the Management of Funds Raised by Overseas Listings of Domestic Enterprises (Draft for Comments) (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知(徵求意見稿)》), with a deadline of June 22, 2025 for feedback. On the date of formal implementation of the Draft for Comments, the Notice on Issues concerning Foreign Exchange Control Pertaining to Overseas Listing will be abolished.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (hereinafter referred to as the "**Circular 19**"), which was promulgated on March 30, 2015, became effective on June 1, 2015, and partially abolished on December 30, 2019 and March 23, 2023, respectively, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis based on the actual needs of their business operations. Foreign invested enterprises are prohibited from using the foreign exchange capital settled in RMB: (1) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (2) for direct or indirect securities investment; (3) to provide entrusted loans (unless permitted in the business scope), repay inter-company loans (including advances to third parties) or repay RMB bank loans that have been on-lent to a third party; and (4) to purchase real estate not for self-use purposes (save for real estate enterprises). Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (hereinafter referred to as the "**Circular 16**") promulgated and implemented by the SAFE on June 9, 2016 and partially amended on December 4, 2023, discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds, and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties).

On January 26, 2017, the SAFE issued and implemented on the same date the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Management Reform (《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》) (hereinafter referred to as the "Circular 3"), which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (1) when handling remittance of profit at an amount of over US$50,000 for domestic institutions, banks shall review board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements to check if the transactions are genuine; and (2) domestic entities shall make up for previous years' losses before remitting the profits. In addition, pursuant to Circular 3, domestic entities shall make detailed explanations to the bank in respect of the sources of the capital and its utilization arrangements, and provide board resolutions, contracts, and other supporting materials when undergoing the filing procedures in connection with an outbound investment.

The Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was issued by the SAFE on October 23, 2019, last amended and implemented on December 4, 2023, cancelled restrictions on the domestic equity investment by non-investment foreign-invested enterprises with their capital funds. The non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws under the premise of not violating the Negative List and the authenticity and compliance of their domestic invested projects.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their income under capital accounts, such as capital funds, foreign debts and the proceeds from overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in line with provisions, and in compliance with the prevailing administrative regulations on the use of income under capital accounts. The bank in charge shall conduct spot checks in accordance with the relevant requirements.

**Regulations on Overseas Direct Investment**

According to the Provisions on the Foreign Exchange Administration of Overseas Direct Investment by Domestic Institutions (《境內機構境外直接投資外匯管理規定》), which was promulgated by the SAFE on July 13, 2009 and came into effect on August 1, 2009, enterprises in mainland China may apply for foreign exchange registration for overseas direct investment after obtaining approval for overseas investment. In addition, according to the Notice on Further Simplifying and Improving the Policies for Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was promulgated by the SAFE on February 13, 2015 and came into effect on June 1, 2015, the administrative approval for foreign exchange registration for overseas direct investment has been canceled, and banks are entitled to directly review and conduct the foreign exchange registration for overseas direct investment.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management.

Pursuant to the Administrative Measures for Overseas Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and took effect on March 1, 2018, the investing activities of enterprises in mainland China such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Overseas investment projects that involve sensitive countries and regions or sensitive industries shall be subject to approval management by the NDRC and non-sensitive overseas investment projects shall be subject to filing management. For non-sensitive projects of US$300 million or above invested by local enterprises in mainland China or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive overseas investment projects, of which the investment amount of investors in mainland China is less than US$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

**Regulations on Taxation**

***Enterprise Income Tax (EIT)***

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) promulgated by the SCNPC on March 16, 2007, which last amended on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) amended by the State Council and came into effect on January 20, 2025, enterprises shall be classified into resident enterprises and non-resident enterprises. The income tax rate of resident enterprises is 25%, while the income tax rate of non-resident enterprises is 20%. Enterprise income tax shall be payable by a resident enterprise for the income derived from or accruing in or outside the PRC. Enterprise income tax shall be payable by a non-resident enterprise with office or premises within the territory of the PRC for the income derived from or accruing in the PRC by its office or premises, and the income derived from or accruing outside the PRC for which its office or premises has a de facto relationship. For high and new technology enterprises that need key support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

***Value-Added Tax ("VAT")***

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) promulgated by the State Council on December 13, 1993 and last amended and implemented on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) promulgated by the MOF on December 15, 1993, last amended on October 28, 2011 and implemented on November 1, 2011 (collectively, the "VAT Law"), all taxpayers selling goods, providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods within the PRC shall pay value-added tax. Unless provided otherwise, for general VAT taxpayers selling services and intangible assets, the value-added tax rate is 6%.

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law (《中華人民共和國增值税法》), which will come into effect on January 1, 2026 and replace the Provisional Regulations on Value-added Tax of the PRC. According to the Value-added Tax Law, entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT. Taxpayers that sell goods are subject to a tax rate of 13% and taxpayers that sell services or intangible assets are subject to a tax rate of 6%. Unless otherwise specified in the Value-added Tax Law, taxpayers making taxable transactions shall calculate and pay VAT by offsetting input tax against output tax according to the general tax calculation method and calculate the VAT payable.

The Notice of the MOF and the STA on Adjusting Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》), which was promulgated by the MOF and STA on April 4, 2018 and came into effect on May 1, 2018, adjusts the applicable rate of VAT and stipulates that for a taxpayer who engages in a taxable sales activity for the VAT purpose or importation of goods, the previous applicable tax rates of 17.0% and 11.0% would be adjusted to 16.0% and 10.0%, respectively.

**Regulations on Labor**

The Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended on December 29, 2018 and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007, effective from January 1, 2008, and last amended on December 28, 2012 and effective on July 1, 2013 stipulate the relationship between the employers and the employees, and specifies the terms and conditions of the labor contracts.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, effective from July 1, 2011, and last amended on December 29, 2018, the Provisional Regulations for 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 January 22, 1999 and last amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) issued by the State Council on April 3, 1994, and amended on March 24, 2002 and March 24, 2019, respectively, employers are required to pay social insurance premiums such as basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance for their employees, and contribute to housing provident funds. If the employer fails to pay the housing fund within the prescribed time, it may be ordered to pay within a certain period of time, and if it still fails to pay, compulsory enforcement by the court can be applied.

**Regulations on Dividend Distribution**

Pursuant to the Company Law of the PRC (《中華人民共和國公司法》) promulgated by the SCNPC on December 29, 1993, and last amended on December 29, 2023 and effective from July 1, 2024, companies are required, when distributing their annual after-tax profits, to allocate 10% of such profits to the statutory common reserve fund until the accumulated amount reaches 50% or more of the company's registered capital. Where the statutory common reserve fund is insufficient to cover losses from previous years, the current year's after-tax profits shall first be used to make up such losses before making any allocation to the statutory common reserve fund. After the statutory common reserve fund has been allocated, the company may, upon a resolution adopted at a shareholders' general meeting, further allocate after-tax profits to a discretionary common reserve fund. After making up losses and allocating to the statutory and discretionary common reserve funds, the remaining after-tax profits shall be distributed to the shareholders.

According to the Notice on Promoting the Reform of Foreign Exchange Administration and Improving the Review of Authenticity and Compliance (《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》) issued by the SAFE on January 26, 2017, when handling the outward remittance of profits by a domestic institution in an amount exceeding the equivalent of USD50,000, banks shall, under the principle of genuine transactions, review the board (or partners') resolution on profit distribution, the original tax filing form, and the audited financial statements related to such remittance, and shall affix their seal on the original tax filing form to confirm the amount and date of the outward remittance. Domestic institutions shall, in accordance with the law, first make up for losses from previous years before remitting profits abroad.

**Regulations on Anti-Unfair Competition and Anti-Monopoly**

***Anti-Monopoly***

According to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007 and amended on June 24, 2022, monopolistic conduct is prohibited, including entering into monopoly agreements, abusing a dominant market position, and implementing concentrations of undertakings that have the effect of eliminating or restricting competition.

Monopoly agreements refer to agreements, decisions, or other concerted actions that may eliminate or restrict competition. According to the Anti-Monopoly Law, competing business operators are prohibited from entering into monopoly agreements that eliminate or restrict competition by (i) jointly boycotting transactions, (ii) fixing or changing the price of commodities, (iii) limiting the output of commodities, (iv) allocating sales markets or procurement markets for raw materials, (v) restricting the purchase of new technology or equipment or the development of new products or technologies, (vi) fixing resale prices or restricting the minimum resale price of commodities to third parties, or (vii) other acts identified by the competent government authorities, unless the agreement meets the limited exemptions provided under the Anti-Monopoly Law. Penalties for violations include orders to cease the illegal conduct, confiscation of illegal gains, and fines ranging from 1% to 10% of the previous year's sales revenue, or up to RMB5,000,000 if there was no sales revenue in the previous year, or up to RMB3,000,000 if the monopoly agreement was not implemented.

The dominant market position refers to a market position in which an operator can control the price, quantity, or other trading conditions of commodities in a relevant market, or can hinder or otherwise affect the entry of other operators into the market. Operators holding a dominant market position are prohibited from engaging in abusive practices such as: (a) selling commodities at unfairly high prices or buying at unfairly low prices, (b) selling commodities below cost without justified reasons, (c) refusing to deal with counterparties without justified reasons, (d) requiring counterparties to trade exclusively with the operator or its designated partners without justified reasons, (e) engaging in tie-in sales or imposing other unreasonable conditions without justified reasons, (f) discriminating among counterparties of equal standing with respect to prices or other terms without justified reasons, or (g) other conduct recognized by enforcement authorities as an abuse of market dominance. Where an operator is found to have abused its dominant market position, enforcement authorities shall order the operator to cease the illegal conduct, confiscate any illegal gains, and impose fines ranging from 1% to 10% of the previous year's sales revenue. According to the Provisions on Prohibiting Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》) amended by SAMR on March 10, 2023, the rules further prevent and prohibit abuse of market dominance.

The concentration of business operators refers to (a) a merger between business operators, (b) a business operator obtaining control over other business operators by acquiring their equities or assets, or (c) a business operator obtaining control or the ability to exercise decisive influence over other business operators by contract or other means. Business operators are required to make a prior declaration to the anti-monopoly enforcement agency under the State Council for concentrations that meet the thresholds prescribed by the State Council, and may not implement the concentration before clearance. Where a concentration does not meet the declaration thresholds but evidence shows that it has or may have the effect of eliminating or restricting competition, the enforcement agency may require the operators to submit a declaration. If a concentration is implemented without the required declaration and has or may have anti-competitive effects, the enforcement agency shall order the termination of the concentration, disposal of shares or assets, transfer of business, or other necessary measures to restore the market to its pre-concentration state within a prescribed period, and may impose a fine of up to 10% of the previous year's sales revenue. If the concentration does not have anti-competitive effects, a fine of up to RMB5,000,000 may be imposed.

According to the Provisions of the State Council on the Standard for Declaration of Concentration of Business Operators (《國務院關於經營者集中申報標準的規定》) promulgated by the State Council on August 3, 2008 and amended on January 22, 2024, concentrations shall be declared to the anti-monopoly enforcement agency under the State Council if: (a) the total global turnover of all operators participating in the transaction exceeded RMB12 billion in the preceding fiscal year and at least two operators each had turnover of more than RMB800 million within China, or (b) the total turnover within China of all operators participating in the transaction exceeded RMB4 billion in the preceding fiscal year and at least two operators each had turnover of more than RMB800 million within China.

According to the institutional reform plan adopted in March 2018, the SAMR was established and took over the anti-monopoly enforcement functions from the MOFCOM, the NDRC, and the SAIC. Since its establishment, SAMR has strengthened anti-monopoly enforcement and, according to the Notice on Anti-Monopoly Enforcement Authorization (《市場監管總局關於反壟斷執法授權的通知》) issued on December 28, 2018, its provincial branches are authorized to carry out anti-monopoly enforcement within their respective jurisdictions. According to the Anti-Monopoly Compliance Guidelines for Operators (《經營者反壟斷合規指南》) issued by the Anti-Monopoly Commission of the State Council on September 11, 2020 and April 25, 2024, operators are encouraged to establish compliance management systems to prevent anti-monopoly risks.

***Anti-Unfair Competition***

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on September 2, 1993 and last amended on June 27, 2025 and effective from October 15, 2025, business operators shall, in their production and marketing activities, follow the principles of voluntariness, fairness, good faith, and business ethics, and comply with laws and regulations. Business operators are prohibited from conducting false or misleading commercial publicity regarding the performance, functions, quality, sales, user reviews, or awards of their goods or services, with the intent to defraud or mislead consumers, and from engaging in improper market practices that harm the interests of competitors, including forging or passing off the trademarks, names, or logos of others, infringing others' trade secrets, conducting false or misleading publicity through advertising or other means, offering commercial bribes, or damaging the goodwill of competitors or the reputation of their products.

Where the legitimate rights and interests of an operator are harmed by unfair competition, the operator may bring a civil action before a people's court. Conversely, where an operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition, and causes damage to another operator, it shall bear civil liability for compensation. Where it is difficult to determine the losses suffered by the infringed operator, the amount of compensation shall be determined based on the profits obtained by the infringing operator through the infringement. The infringing operator shall also bear all reasonable expenses incurred by the infringed operator to stop the infringement.

In addition, according to the Advertising Law of the PRC (《中華人民共和國廣告法》) which was promulgated by the SCNPC on October 27, 1994 and latest amended on April 29, 2021, advertisers, advertising operators, and advertisement publishers shall abide by the principles of fairness and good faith while engaging in advertising activities. Advertisements shall be truthful and lawful, and shall not contain any false or misleading content regarding the performance, functions, quality, sales, user reviews, awards, or other information of the advertised goods or services. Administrative departments for market regulation at and above the county level are responsible for the supervision and administration of advertising.

**Regulations Relating to Filing of Overseas Listing by Domestic Enterprises**

According to the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on July 6, 2021, enhanced regulatory administration and supervision have been imposed on overseas listings by PRC-based companies. The Opinions propose that effective measures shall be taken, including improving the construction of relevant regulatory systems, to address risks and incidents associated with PRC-based companies listed overseas.

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and effective from March 31, 2023, a new filing regime has been introduced which requires PRC domestic companies to complete a filing with the CSRC for their direct or indirect overseas securities offerings and listings by submitting materials on key compliance matters. The Trial Measures provide that overseas securities offerings and listings are expressly prohibited under any of the following circumstances: (i) such securities offerings and listings are expressly prohibited by laws and regulations; (ii) the proposed securities offerings and listings may endanger national security as reviewed and determined by competent authorities under the State Council; (iii) the domestic company, its controlling shareholder(s), or its actual controller has committed any crime including corruption, bribery, embezzlement, misappropriation of property or disrupting the order of the socialist market economy within the past three years; (iv) the domestic company is under investigation for suspected criminal offenses or major violations of laws and regulations and no definitive conclusion has been reached; or (v) there are material ownership disputes regarding equity held by the domestic company's controlling shareholder(s) or other shareholder(s) controlled by the controlling shareholder(s) and/or the actual controller. As advised by our PRC legal counsel, we do not fall within any of the aforementioned circumstances that would prohibit us from conducting an overseas listing.

According to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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》) jointly promulgated by the CSRC and three other government authorities on February 24, 2023 and effective from March 31, 2023, where a domestic company provides or publicly discloses any documents or materials involving state secrets or working secrets of state organs to securities companies, securities service institutions, overseas regulatory authorities, or other entities and individuals, or provides or publicly discloses such documents or materials through its overseas listing entities, it shall obtain approval from the competent authority with examination and approval power and file with the secrecy administration department at the same level. Domestic companies that provide accounting archives or copies thereof to securities companies, securities service institutions, or overseas regulatory authorities shall complete the relevant procedures in accordance with applicable regulations. Working papers produced within the PRC by securities companies and securities service institutions providing services for the overseas offering and listing of domestic companies shall be kept within the territory of the PRC, and any cross-border transfer of such working papers shall go through the examination and approval procedures as required under the relevant regulations.

## OVERVIEW OF LAWS AND REGULATIONS IN TAIWAN

This section sets out a summary of the most significant laws and regulations that affect our business activities in Taiwan.

### Investment by PRC Person

Pursuant to the Act Governing Relations between the People of the Taiwan Area and the Mainland Area (臺灣地區與大陸地區人民關係條例) promulgated on July 31, 1992 (last amended on June 8, 2022), and the Regulations Governing the Permission of Investment by Nationals in Mainland Area (大陸地區人民來臺投資許可辦法) promulgated on July 3, 2009 (last amended on December 30, 2020), a PRC person (as defined below) intending to invest in a Taiwan company that is not a public company shall apply for, and obtain a prior approval from the Department of Investment Review of the Ministry of Economic Affairs before making such investment, regardless of the amount of investment and all the business items are within the positive list promulgated by Taiwan government from time to time. Under current Taiwan laws, "PRC person" means (A) an individual holding a passport issued by the PRC or PRC residence registration (including an individual who used to hold PRC passport or PRC residence registration but has given up his or her PRC citizenship and converted to the citizenship of another jurisdiction for less than four years or has not stayed outside the PRC for a period of over four years, but not including a resident in a special administrative region of the PRC such as Hong Kong and Macau, if so excluded by applicable laws of Taiwan), (B) any agency or instrumentality of the PRC and any corporation, partnership or other entity of any area under the effective control or jurisdiction of the PRC (but not including a special administrative region of the PRC such as Hong Kong or Macau, if so excluded by applicable laws of Taiwan), or (C) any corporation, partnership or other entity organized under the laws of any other jurisdiction outside of the PRC that either (x) is directly or indirectly controlled by, or (y) directly or indirectly having more than 30% of its capital owned by, or beneficially owned by any such person referred to in (A) to (B).

## Taxation

### *Business Tax on Sale of Goods and Services*

Pursuant to the Value-added and Non-value-added Business Tax Act (加值型及非加值型營業稅法) promulgated on June 13, 1931 (last amended on May 28, 2025), business tax is levied on the sale of goods and services within Taiwan and on the importation of goods and services, subject to limited exceptions. The current value-added tax rate is 5% for general businesses and is ultimately borne by the purchaser.

### *Income Tax*

Pursuant to the Income Tax Act (所得稅法) promulgated on February 17, 1943 (last amended on December 26, 2025), a Taiwan company shall be subject to income tax in Taiwan for its taxable net income at the current income tax rate of 20% and a rate of 5% for unappropriated earnings.

Taiwan government enacted the Income Basic Tax Act (所得基本稅額條例), also known as the "Alternative Minimum Tax Act," or the AMT Act, on December 28, 2005 (last amended on January 27, 2021) to impose an alternative minimum tax and to remedy the then excessive tax incentives for individuals and businesses. Alternative minimum tax, or AMT, is a supplemental tax which is payable if the income tax payable pursuant to the Income Tax Act is below the minimum amount prescribed under the AMT Act. For the purpose of calculating the AMT, the taxable income defined under the AMT Act includes most income that is exempted from income tax under various legislations, such as those providing tax holidays and investment tax credits.

For businesses, the income that previously enjoyed tax-exemption privileges under relevant tax regulations will be subject to the AMT system for the calculation of business taxpayers' aggregate incomes. The AMT rate for business entities is currently 12%. Under the AMT Act, a company will be subject to a 12% AMT if its annual taxable income under the AMT Act exceeds NT$0.6 million.

A Taiwan company shall, within the period from May 1st to May 31st of each year, fill out and file to the tax authority an annual income tax return declaring therein the taxable income under the Income Tax Act and the basic income under the AMT Act for the preceding year together with the tax deductions/exemptions, and/or offsets associated therewith, if any. If the AMT liability is higher than the tax liability under the Income Tax Act, the taxpayer is required to pay the tax amount which results in higher tax due.

### *Withholding Tax Upon Distribution of Dividends*

Dividends (whether in cash or in common shares) distributed by a Taiwan company out of retained earnings and paid to a shareholder that is not a Taiwan resident or entity (a corporation or a non-corporate body that owns the common shares of a Taiwan company and is organized under the laws of a jurisdiction other than Taiwan and has no fixed place of business or business agent in Taiwan) are generally subject to Taiwan income tax, which is collected by way of withholding by the Taiwan company at the time of distribution. The current withholding tax rate applicable to non-Taiwan shareholders is 21% of the amount distributed, unless a lower rate is available under an applicable tax treaty between Taiwan and the jurisdiction in which the non-Taiwan shareholder is resident.

As the Netherlands and Taiwan have entered into a tax treaty which stipulates the reduced withholding tax rate of 10% on dividend income, the dividends distributed by our Taiwan Subsidiary to its Dutch shareholder may be subject to the withholding tax at a rate of 10% if the Dutch shareholder meet the qualifications under such tax treaty.

### *Sale of Shares*

Pursuant to the Securities Transaction Tax Act (證券交易稅條例) promulgated on June 19, 1965 (last amended on January 2, 2025), transfer of shares issued by a Taiwan non-public company and evidenced by physical share certificate is subject to a securities transaction tax at the rate of 0.3% of the transfer price and borne by the seller. Capital gains generated by a non-Taiwan shareholder from the sale of shares of a Taiwan company are currently exempt from income tax under Taiwan tax laws.

## Foreign Exchange

Pursuant to the Foreign Exchange Control Act (管理外匯條例), promulgated on January 11, 1949 (last amended on April 29, 2009), and the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions (外匯收支或交易申報辦法), promulgated on August 30, 1995 (last amended on December 26, 2022), the annual foreign exchange quota is US$100,000,000 for a Taiwan company, and any remittance of foreign currency into or out of Taiwan by a Taiwan company in excess of such annual quota and are not for the approved investments or trades in ordinary course of business, a prior approval from the Central Bank of Taiwan is required.

## Enforceability of Foreign Judgments

Pursuant to the Cross-Strait Law and the Code of Civil Procedure (民事訴訟法) promulgated on December 26, 1930 (last amended on November 29, 2023), any final and non-appealable judgment or ruling obtained against a Taiwan company in any court other than the Taiwan courts will be enforced by the Taiwan courts without further review of the merits only if the Taiwan court in which enforcement is sought is satisfied that: (1) the court rendering the judgment had jurisdiction over the subject matter according to the Taiwan laws; (2) if the judgment was rendered by default by the court rendering the judgment, either (i) the Taiwan company was duly served within a reasonable period of time within the jurisdiction of such court in accordance with the laws and regulations of such jurisdiction, or (ii) process was served on the Taiwan company with judicial assistance of Taiwan; (3) the judgment and the court procedure resulting in the judgment were not contrary to the public order or good morals of Taiwan; and (4) judgments of the Taiwan courts would be recognized and enforceable in the jurisdiction of the court rendering the judgment on a reciprocal basis.