

## REGULATORY OVERVIEW

### APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC

#### REGULATIONS ON PCB INDUSTRY

The Standard Conditions for the Printed Circuit Board Industry (《印製電路板行業規範條件》) and the Interim Measures for the Administration of Industry Standard Announcements in the Printed Circuit Board Industry (《印製電路板行業規範公告管理暫行辦法》) promulgated by the MIIT and became effective on February 1, 2019, establish a quantified standard system for printed circuit board enterprises and projects across multiple dimensions, including capacity layout and project construction, production scale and process technology, intelligent manufacturing, green manufacturing, workplace safety, social responsibility, and other dimensions.

The Catalog of Encouraged Industries for Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》) (the “Encouraging Catalog”) explicitly includes “high-density interconnect laminated boards, single-layer, double-layer, and multi-layer flexible boards, rigid-flex printed circuit boards and packaging substrates, flexible circuit boards with high-density and high-fine lines (line width/line spacing  $\leq 0.05\text{mm}$ )” in the encouraged foreign investment industries.

According to the Guidance Catalog for Industrial Structure Adjustment (2024 Edition) (《產業結構調整指導目錄(2024年本)》) promulgated by the NDRC on December 27, 2023 and became effective on February 1, 2024, the printed circuit boards manufactured by the Company fall under the encouraged industries category.

#### REGULATIONS ON PRECISION COMPONENT INDUSTRY

On August 22, 2025, the MIIT and the SAMR issued the 2025-2026 Stable Growth Action Plan for the Electronics Manufacturing Industry (《電子信息製造業2025-2026年穩增長行動方案》), aiming at enhancing the resilience and security level of the industrial and supply chains, maintaining the economic operation of the electronics manufacturing industry within a reasonable range, and providing strong support for the stable growth of the industrial economy.

On March 7, 2025, the MIIT and the National Standardization Administration of the PRC issued National Guidelines for the Construction of Intelligent Manufacturing Standards System (2024 Edition) (《國家智能製造標準體系建設指南(2024年版)》), which focus on exploring new methods for standard development, solidifying successful experiences and innovative achievements, forming typical scenario-based systematic solution standards and guiding enterprises to apply standards to practice, building enterprise intelligent manufacturing standards systems, and promoting the high-quality development of intelligent manufacturing.

#### REGULATIONS ON OPTOELECTRONIC DISPLAY INDUSTRY

The Encouraging Catalog explicitly includes the research, development, and manufacturing of TFT-LCD, OLED, AMOLED, laser display, quantum dot, 3D display and other flat panel displays, as well as display screen materials and e-book materials (such as electronic ink screens) in the national encouraged foreign investment industry catalog. This policy aimed to attract foreign investment, introduce advanced technology and capital, and promote the upgrading and development of the optoelectronic display industry.

In March 2021, the MOFCOM, the General Administration of Customs (the “GACC”), and the State Taxation Administration jointly released the Notice on Import Tax Policies to Support the Development of the New-type Display Industry from 2021 to 2030 (《關於2021-2030年支持新型顯示產業發展進口稅收政策的通知》). From January 1, 2021 to December 31, 2030, for production enterprises of new-type display devices, self-used productive (including R&D-related) raw materials, consumables, cleanroom supporting systems, and spare parts of production equipment that cannot be produced domestically or whose

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## **REGULATORY OVERVIEW**

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performance cannot meet the requirements are exempt from import duties. For production enterprises of key raw materials and spare parts in the new-type display industry, self-used productive raw materials and consumables that cannot be produced domestically or whose performance cannot meet the requirements are also exempt from import duties. For enterprises undertaking major new-type display device projects, during the period from January 1, 2021 to December 31, 2030, when importing new equipment, except for commodities listed in the relevant non-duty-free catalog, providing customs-approved tax guarantees for unpaid taxes allows the installment payment of import-link value-added tax within a period of 6 years (72 consecutive months) after the import of the first piece of equipment. This policy significantly reduced the production costs of relevant enterprises, enhanced their international competitiveness, and promoted the large-scale development of the new-type display industry.

In March 2021, the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), adopted by the NPC, focused on strategic emerging industries such as new-generation information technology. It emphasized accelerating the innovation and application of key core technologies, strengthening factor guarantee capabilities, and cultivating and expanding new drivers of industrial development. The optoelectronic display industry, as an important part of the information technology industry, benefited from this overall strategic guidance, which provided a strong impetus for its technological innovation and industrial expansion.

### **REGULATIONS ON OPTICAL TRANSCIEVER INDUSTRY**

On November 1, 2021, the MIIT issued the 14th Five-Year Plan for the Development of the Information and Communication Industry (《“十四五”信息通信行業發展規劃》). The plan proposes that by 2025, a new type of digital infrastructure that is high-speed, ubiquitous, integrated, interconnected, intelligent, green, safe and reliable will be basically established. Focusing on the construction of new digital infrastructure and the expansion of the digital space, 26 key development areas and 21 projects have been put forward, aiming to comprehensively improve the development quality of the industry and the ability to empower the digital transformation of the economic society.

The Guidance on the Construction of National Data Infrastructure (《國家數據基礎設施建設指引》) was promulgated in 2024 by the National Development and Reform Commission (the “NDRC”), the National Data Administration (the “NDA”), and the MIIT. This Guidance outlines a comprehensive framework for the national data ecosystem, aiming to establish circulation facilities that support a unified national data market and ensure secure and free data flow. In the realm of computing power, it mandates the development of a high-quality, diverse, and heterogenous supply system that is efficiently allocated, intelligently on-demand, green, and secure.

The Upgraded “Sail” Action Plan for Large-Scale 5G Application (《5G規模化應用“揚帆”行動升級方案》) was released in 2024 by twelve departments, including the MIIT, the NDRC and the CAC. This Action Plan sets forth quantifiable targets to be achieved by the end of 2027, which include reaching 38 5G base stations per 10,000 people, achieving a 5G personal user penetration rate of over 85%, and securing over 100 million 5G Internet of Things terminal connections. The overarching goal is to achieve comprehensive, large-scale 5G application, establishing a development paradigm characterized by universal capability, widespread application, and inclusive empowerment.

### **REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT**

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress of the PRC (the “SCNPC”) on December 29, 1993 and became effective on July 1, 1994, and was last amended on December 29, 2023 and became effective on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited

## REGULATORY OVERVIEW

liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”) and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective, which sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. On December 30, 2019, the Ministry of Commerce (the “**MOFCOM**”) and the State Administration for Market Regulation jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020 and pursuant to which, the establishment of the foreign invested enterprises by foreign investors and establishment through purchasing the equities of a non-foreign invested enterprise and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Edition) (《外商投資准入特別管理措施（負面清單）（2024年版）》) (the “**Negative List**”), which were promulgated by the National Development and Reform Commission (the “**NDRC**”) and the MOFCOM on September 6, 2024 and became effective on November 1, 2024, listed the categories of restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

## REGULATIONS ON IMPORT AND EXPORT OF GOODS

The Customs Law of the PRC (《中華人民共和國海關法》) was promulgated by the SCNPC on January 22, 1987 and became effective on July 1, 1987, and last amended and became effective on April 29, 2021, stipulate that the customs of the PRC is a governmental organization responsible for supervision and control over all arrivals in and departures from the customs territory. All the transports, goods and articles shall enter into or exit from the territory of the PRC at a place where a customs office is established. The customs declaration and duty payment formalities may be undergone by the consignees or consignors of imported and exported goods, or by the customs clearing enterprises entrusted by such consignees or consignors. The consignees or consignors of imported and exported goods and the customs clearing enterprises shall file records with the customs when undergoing customs declaration formalities, otherwise may be imposed fines by the customs.

The Administrative Provisions of the Customs of the PRC on Record-Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the GACC on November 19, 2021 and became effective on January 1, 2022, further provides detailed requirement on the documents needed for the filing and the requirement on reporting certain changes of the filed information to the relevant customs authority.

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) (the “**Regulations on the Administration of Import and Export of Goods**”) promulgated by the State Council on December 10, 2001 and last amended on March 10, 2024, and became effective on May 1, 2024, enterprises engaged in the trade activities of importing goods into the territory of the PRC or exporting goods outside of China must comply with the Regulations on the

## **REGULATORY OVERVIEW**

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Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota system; and goods whose import or export is free shall not be subject to restriction.

### **REGULATIONS ON PRODUCTION SAFETY**

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》)(the “**Production Safety Law**”), which was last amended on June 10, 2021 by the SCNPC and became effective on September 1, 2021, entities engaged in production and business activities in the Chinese mainland shall comply with the Production Safety Law and other laws and regulations related to production safety. Entities shall strengthen the management, establish and improve responsibility systems and polices, improve conditions, strengthen the standardized and information technology development of work safety, and improve the production level to ensure their production safety.

In accordance with the Regulations on the Safety Facilities of Construction Projects “Three Simultaneities” Supervision and Management (《建設項目安全設施“三同時”監督管理辦法》), promulgated by the former State Administration of Work Safety on April 2, 2015, and became effective on May 1, 2015, safety facilities of new construction, reconstruction and expansion projects must be designed, constructed and put into operation and use simultaneously with the main project. Enterprises are required to conduct safety pre-evaluations for construction projects, entrust preliminarily designed entities with the corresponding qualifications to design the safety facilities simultaneously, prepare safety facility designs, submit them to relevant production safety supervision and management departments for review applications and apply for the acceptance inspection of safety facilities upon completion.

### **REGULATIONS ON PRODUCT QUALITY**

As per the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, and was last amended on December 29, 2018 and became effective on the same date, producers shall be responsible for the quality of their products. The product quality shall meet the following requirements: (i) no unreasonable dangers endangering the safety of persons and property; where there are national or industry standards ensuring the health and safety of persons and property, such standards must be complied with; (ii) the product shall possess the properties it is supposed to possess, except where the product’s flaws in their properties are explicitly stated; and (iii) the product shall comply with the product standards stated on the product or its packaging, and meet the quality conditions as represented in product descriptions, physical samples, etc.

### **REGULATIONS ON ENVIRONMENTAL PROTECTION**

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) was promulgated by the SCNPC on September 13, 1979, became effective on the same date, and was last amended on April 24, 2014, and became effective on January 1, 2015. This fundamental legislation establishes the comprehensive legal framework for environmental protection in China, mandating strict compliance requirements for enterprises regarding pollution prevention, ecological conservation, and environmental management. The 2014 amendment significantly enhanced regulatory oversight and enforcement mechanisms, introducing stricter liability regimes including daily penalties for continuing violations. The law therefore requires all enterprises to establish robust internal environmental management systems to ensure full compliance with its provisions.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was last amended by the SCNPC on December 29, 2018 and became effective on the same date, the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was last amended by the State Council on July 16, 2017 and became effective on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance

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## REGULATORY OVERVIEW

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Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and became effective on the same date, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection competent administrative department of the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report.

### Regulations on Atmospheric Pollution

According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), which was last amended by the SCNPC on October 26, 2018 and became effective on the same date, enterprises, institutions and other production and operation units shall, in accordance with the relevant national regulations and monitoring standards, monitor their emissions of industrial waste gasses or toxic and hazardous air pollutants listed in the catalog published according to Article 78 of this law, and keep the original monitoring records. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the above-mentioned catalog, as well as other units that implement administration of pollution discharge permits in accordance with the law, shall obtain a pollutant discharging permit.

### Regulations on Solid Wastes

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), which was last amended on April 29, 2020 by the SCNPC and became effective on September 1, 2020, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed in accordance with hazardous waste management.

### Regulations on Water Pollution

According to the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》) which was last amended on June 27, 2017 by the SCNPC and became effective on January 1, 2018, an enterprise or public institution or other business entity which directly or indirectly discharges industrial waste water or medical sewage to waters or waste water or sewage that may be discharged after a pollutant discharge license has been obtained as required shall obtain a pollutant discharge license.

### Regulations on Pollutant Discharge

According to the Regulations on the Management of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, and the Catalog for the Classified Management of Fixed Pollution Source Discharge Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and became effective on the same date, enterprises, institutions and other manufacturers subject to pollutant discharge permit management as stipulated by law must apply for and obtain a pollutant discharge permit. Without this permit, discharging pollutants is prohibited. Pollutant discharging entities with a significant volume of pollutant generation, emissions or environmental impact are subject to key management of pollutant discharge permits. Those with a smaller volume of pollutant generation, emissions and environmental impact are subject to simplified management. Entities with minimal pollutant generation, emissions and environmental impact are subject to pollutant discharge registration management.

## REGULATORY OVERVIEW

### REGULATIONS ON REAL ESTATE AND CONSTRUCTION PROJECTS

#### Regulations on Real Estate

The Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”) was promulgated by the NPC on May 28, 2020, and became effective on January 1, 2021. According to the Civil Code, the establishment, modification, assignment and extinguishment of real estate property rights are effective upon registration in accordance with the law; unless the law stipulates otherwise, such establishment, modification, assignment and extinguishment shall be ineffective without registration. Real estate registration shall be handled by the registration authority at the location of the property.

The Land Administration Law of the PRC (《中華人民共和國土地管理法》) was last amended by the SCNPC on August 26, 2019, and became effective on January 1, 2020. Pursuant to the Land Administration Law, construction entities that have obtained state-owned land use rights through paid leasing must pay the land use right leasing fees and other fees and expenses in accordance with the standards and methods prescribed by the State Council before they can use the land. Construction entities using state-owned land must use the land in accordance with the provisions of the contract for paid use of leased land use right or according to the provisions of the documents of approval concerning the allocation of land use right.

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) which was last amended by the State Council on March 10, 2024 and became effective on May 1, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) which was last amended by the Ministry of Land and Resources on May 9, 2024 and became effective on the same date, provide that, among other things, the State implements a uniform real estate registration system and real estate registration shall follow the principles of strict administration, stability, continuity, and convenience for the masses.

#### Regulations on Construction Projects

The Construction Law of the PRC (《中華人民共和國建築法》) (the “**Construction Law**”) was first promulgated by the SCNPC on November 1, 1997, and was last amended on April 23, 2019, and became effective on the same date. According to the Construction Law, before the commencement of construction work, the construction entity shall apply for a construction permit from the construction administrative department of the people’s government at or above the county level where the project is located in accordance with relevant rules of the state, except for small-scale projects below the limit determined by the construction administrative department of the State Council. Construction projects approved for commencement according to the authority and procedures prescribed by the State Council are exempted from obtaining a construction permit.

The Administrative Measures for Construction Permits of Building Engineering (《建築工程施工許可管理辦法》) were first promulgated by the former Ministry of Construction of the PRC in 1999, and were last amended by the Ministry of Housing and Urban-Rural Development (the “**MOHURD**”) on March 30, 2021, and became effective on the same date. According to these measures, construction entities engaging in the construction and renovation of various types of buildings and their ancillary facilities, as well as the installation of corresponding lines, pipelines, and equipment and the construction of urban municipal infrastructure projects within the territory of the PRC, shall apply for a construction permit from the competent housing and urban-rural construction department of the local people’s government at or above the county level where the project is located before commencing work. Building projects with an investment of less than RMB300,000 or a construction area of less than 300 sqm may be exempt from applying for a construction permit.

The Fire Protection Law of the PRC (《中華人民共和國消防法》) was promulgated by the SCNPC on April 29, 1998, and became effective on September 1, 1998, and was last amended on April 29, 2021, and

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## **REGULATORY OVERVIEW**

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became effective on the same date. The Interim Regulations on Fire Protection Design Review and Acceptance Management of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) were first promulgated by the MOHURD on April 1, 2020, and were last amended on August 21, 2023, and became effective on October 30, 2023. In accordance with the aforementioned laws and regulations, for construction projects that are required to undergo fire safety acceptance inspections as stipulated by the State Council’s housing and urban-rural development authorities, the construction entity must apply for a fire safety acceptance inspection with the housing and urban-rural development authorities.

The Administrative Measures for the Record-filing of Completion Acceptance of Building Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) were promulgated by the MOHURD on October 19, 2009, and became effective on the same date. According to these measures, construction entities shall file with the construction department of the local people’s government at or above the county level where the project is located (hereinafter referred to as the filing authority) within 15 days from the date of completion and qualified acceptance of the project, in accordance with these measures.

### **REGULATIONS ON THE MANAGEMENT OF LEASE HOUSING**

Pursuant to (i) the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and was last amended on August 26, 2019 and became effective on January 1, 2020, and (ii) the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the MOHURD on December 1, 2010 and became effective on February 1, 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. If the lessor and lessee fail to go through the registration and filing procedures, both lessor and lessee may be subject to fines.

### **REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS**

#### **Patent**

The Patent Law of the PRC (《中華人民共和國專利法》) was promulgated by the SCNPC on March 12, 1984, and was last amended on October 17, 2020, and became effective on June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) were promulgated by the State Council on June 15, 2001, became effective on July 1, 2001, and was last amended on December 11, 2023, and became effective on January 20, 2024. According to these laws, regulations and detailed rules, patents in China are categorized into three types: invention patents, utility model patents and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another’s patent must conclude a licensing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

#### **Trademark**

The Trademark Law of the PRC (《中華人民共和國商標法》) was promulgated by the SCNPC on August 23, 1982, became effective on March 1, 1983, and was last amended on April 23, 2019, and became effective on November 1, 2019. The Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) were promulgated by the State Council on August 3, 2002, became effective on September 15, 2002, and was last amended on April 29, 2014, and became effective on May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from

## **REGULATORY OVERVIEW**

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the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed. Each renewal extends the validity period for 10 years.

### **Domain Name**

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were promulgated by the MIIT on August 24, 2017, and became effective on November 1, 2017. According to these management measures, the MIIT is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

### **Computer Software Copyright**

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and became effective on the same date, regulates the registration of software copyright, the exclusive licensing contract and assignment contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and designates the China Copyright Protection Center as the agency for software registration. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants.

## **REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE**

### **Employment**

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and its implementation, which impose stringent requirements on the employers in relation to entering into fixed term employment contracts, hiring of part-time employees and dismissal of employees.

The Labor Law of the PRC was promulgated by the SCNPC on July 5, 1994, and became effective on January 1, 1995, and was last amended on December 29, 2018 and became effective on the same date. The Labor Law of the PRC stipulates matters related to promoting employment, labor contracts, working hours, rest and leave, wages, labor safety and hygiene, special protection for female and minor workers, vocational training, social insurance and welfare, labor disputes, supervision and inspection, as well as legal liabilities.

The Labor Contract Law of the PRC was promulgated by the SCNPC on June 29, 2007, and became effective on January 1, 2008, and was last amended on December 28, 2012, and became effective on July 1, 2013. The Implementation Regulation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) was promulgated by the State Council on September 18, 2008, and became effective on the same date. According to the aforementioned law and regulation, a written labor contract shall be established when forming a labor relationship. Employers shall not force employees to work overtime and must pay overtime wages according to national regulations if overtime is arranged. Wages must not be lower than the local minimum wage standard and must be paid to employees promptly.

### **Social Insurance**

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the “**Social Insurance Law**”), which was last amended by the SCNPC on December 29, 2018, and became effective on the same date, has established social insurance systems of basic pension insurance, basic medical insurance, work-related

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## **REGULATORY OVERVIEW**

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injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999, and was last amended on March 24, 2019 and became effective on the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

According to the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which was promulgated on July 31, 2025 and came into effect on September 1, 2025, if the employer and its employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking invalid. Furthermore, where the employer fails to pay social insurance contributions in accordance with the applicable laws, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the Labor Contract Law of the PRC, the People’s Court shall support such claims.

### **Housing Provident Fund**

Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, and was last amended on March 24, 2019, and became effective on the same date, employers in the Chinese mainland shall provide their employees with housing provident fund. Employers who fail to contribute to the above housing provident funds may be ordered to make full payment within a prescribed time period by the housing provident fund management center. If an employing entity fails to make the payment towards the housing provident funds within a prescribed time limit, an application may be made to a people’s court for enforcement.

### **REGULATIONS ON OVERSEAS INVESTMENT**

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and became effective on March 1, 2018, an investor shall, in overseas investment, undergo the formalities for the confirmation or recordation, among others, of an overseas investment project, report the relevant information, and cooperate in supervisory inspection. The Measures classify overseas investment projects into sensitive and non-sensitive categories, with sensitive projects requiring approval by the NDRC and non-sensitive projects requiring recordation with the NDRC or its local branches. The regime establishes a comprehensive supervisory framework governing the entire overseas investment process, from initial project filing or approval to post-investment information reporting and operational compliance.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, lastly amended on September 6, 2014 and became effective on October 6, 2014, “overseas investment” means the acts of an enterprise legally formed in China to own a non-financial enterprise or obtain the ownership, control, or right of business management of or any other interest in an existing non-financial enterprise outside of China by formation, acquisition or merger, or other means. The MOFCOM and the provincial counterparts promulgate regulations providing that overseas investment of enterprises to be subject 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

## **REGULATORY OVERVIEW**

management. When an overseas enterprise invested by an enterprise conducts overseas reinvestment, the enterprise shall report to the commerce departments after completing the overseas legal procedures.

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the State Administration of Foreign Exchange on July 13, 2009 and became effective on August 1, 2009 and the Notice on Further Simplifying and Improving Policies for the 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》) promulgated by the SAFE on February 13, 2015, became effective on June 1, 2015 and was partially repealed on December 30, 2019, upon obtaining the approval for overseas investment, the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

### **REGULATIONS ON FOREIGN EXCHANGE**

Pursuant to the Foreign Exchange Administrative Regulations 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, became effective on April 1, 1996 and last amended on August 5, 2008, and became effective on the same date, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People’s Bank of China on June 20, 1996 and became effective on July 1, 1996, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transactions documents and their consistency with foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

According to the Notice of the People’s Bank of China and the SAFE on the Management of Funds for Overseas Listings by Domestic Enterprises 《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》, which is promulgated on December 24, 2025, and effective from April 1, 2026, domestic enterprises listing overseas shall, within 30 business days from the first trading day of the overseas listing or the completion of the over-allotment, submit the relevant materials to a bank within the jurisdiction of the provincial-level or separately listed municipal area where the enterprise is registered to apply for overseas listing registration.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement 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》) promulgated by SAFE on June 9, 2016 and became effective on the same date, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated by SAFE on December 4, 2023, and became effective on the same date, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic

## REGULATORY OVERVIEW

institution. Domestic institutions’ foreign exchange receipts under the capital account and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise’s business scope or expenditure prohibited by laws and regulations of the state. The funds shall not be used, directly or indirectly, for expenditures outside the scope of the enterprise’s business operations or for purposes prohibited by state laws and regulations. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments other than wealth management products and structured deposits with a risk rating of Level 2 or lower. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the purchase of real estate for purposes other than self-use (except for real estate enterprises).

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business by the State Administration of Foreign Exchange (《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》) promulgated by SAFE on April 10, 2020, became effective on the same date, eligible enterprises are allowed to make domestic payments by using receipts under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, with no need to provide the evidentiary materials concerning authenticity on a transaction-by-transaction basis to banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. Local foreign exchange authorities shall strengthen monitoring analysis and interim and post regulation.

### REGULATIONS ON TAXATION

#### Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which was promulgated by the SCNPC on March 16, 2007 and last amended on December 29, 2018, and became effective on the same date, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Enterprises that are recognized as high and new technology enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) promulgated by the Ministry of Science and Technology, the MOF and the STA on January 29, 2016, and became effective on January 1, 2016, are entitled to enjoy a preferential enterprise income tax rate of 15%, under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

#### Value-added Tax

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which became effective on January 1, 2026. This new law establishes a unified legal framework for Value-added Tax by consolidating existing regulations and practices, maintaining the core multi-tier tax rate structure while refining tax exemption and credit mechanisms. It provides clearer guidance on taxpayer obligations, taxable activities, and computational methods, thereby enhancing the stability and transparency of China’s Value-added Tax regime for businesses operating in the market.

According to the Notice on the Adjustment to Value-Added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the STA on April 4, 2018, and became effective on May 1, 2018, the Value-Added Tax rates of 17% and 11% applicable to the taxpayers who have Value-Added Tax taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

## REGULATORY OVERVIEW

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, STA and GACC), promulgated by the MOF, the STA and the GACC on March 20, 2019 and became effective on April 1, 2019, the Value-Added Tax rates of 16% and 10% applicable to the taxpayers who have Value-Added Tax taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

### Tax on Dividends

#### *For Individual Investors*

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was last amended by the SCNPC on August 31, 2018 and became effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) (the “**Implementation Rules of the Individual Income Tax Law**”), which was last amended by the State Council on December 18, 2018 and became effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) promulgated by the MOF, the STA and CSRC on September 7, 2015 and became effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Chinese mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), became effective on December 8, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Chinese mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷稅漏稅的安排》第五議定書) (the “**Fifth Protocol**”), promulgated by the STA and became effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

#### *For Enterprise Investors*

Pursuant to the EIT Law and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was last amended by the State Council on December 6, 2024, and became effective on January 20, 2025, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent,

## REGULATORY OVERVIEW

and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders which are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) promulgated by the STA on November 6, 2008, and became effective on the same date, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) promulgated by the STA on July 24, 2009, and became effective on the same date, further provides that PRC resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement between the Chinese mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including Hong Kong Securities Clearing Company Nominees Limited). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

### **Tax related to equity transfer income**

#### ***For Individual Investors***

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the STA on March 30, 1998, and became effective on the same date, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The STA does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised Individual Income Tax Law and Implementation Rules of the Individual Income Tax Law.

#### ***For Enterprise Investors***

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the

## REGULATORY OVERVIEW

disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

### Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on June 10, 2021 and became effective on July 1, 2022, all entities and individuals who make taxable documents and conduct securities transactions within the territory of the PRC are the taxpayers of stamp duty and shall pay stamp duty. All entities and individuals who make taxable documents outside the territory of the PRC to be used within the territory of the PRC shall pay stamp duty.

## REGULATIONS ON SECURITIES AND OVERSEAS LISTING

### Securities Laws and Regulations

The Securities Law of the PRC (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998, and was last amended on December 28, 2019 and became effective on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately.

### Overseas Listings

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and relevant five guidelines, which became effective on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means (the “**Overseas Offering and Listing**”), are required to fulfill the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents. If a PRC company fails to complete the filing procedure or the filing documents submitted by a PRC company contain misrepresentation, misleading statement or material omission, such PRC company may be subject to order to rectify, warnings and fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to fines.

In addition, the Overseas Listing Trial Measures also provides the circumstances where the Overseas Offering and Listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the Overseas Offering and Listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the PRC domestic enterprise, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic enterprise is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

## REGULATORY OVERVIEW

According to the Provisions on Strengthening the Confidentiality and File Management of Domestic Enterprises Related to Overseas Issuance of Securities and Listing (《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》) which was promulgated by the CSRC together with the MOF and National Administration of State Secrets Protection and National Archives Administration of China on February 24, 2023, and became effective on March 31, 2023, during the overseas offering and listing activities of domestic enterprises, domestic enterprises, securities companies and securities service providers providing corresponding services shall strictly abide by the relevant PRC laws and regulation as well as the requirements of the provisions, enhance legal awareness of guarding state secrets and strengthening the management of archives, establish and complete systems for confidentiality and archives work, employ necessary measures to implement the responsibility for confidentiality and archives management, and shall not divulge state secrets and work secrets of state organs, and shall not harm the interests of state and the public.

### APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN SINGAPORE

Through our Singapore subsidiaries, DSBJ Singapore and MFLEX Singapore, we operate in Singapore as a manufacturer and service provider of electronic components and boards.

### REGULATIONS ON EMPLOYMENT OF PERSONNEL

#### Regulations on Employment

The Employment Act 1968 of Singapore (“**Employment Act**”) is Singapore’s main labor law, which is administered by the Ministry of Manpower (“**MOM**”) and sets out the basic terms and working conditions for almost all types of employees.

All employers are required to issue to their employees who (a) enter into a contract of service on or after April 1, 2016 with the employer, (b) are covered by the Employment Act and (c) are employed for 14 days or more, a written record of the key employment terms (“**KETs**”) of the employee not later than 14 days after the day that the employee starts employment with the employer, or within such other period as may be prescribed in substitution. The KETs required to be provided (unless inapplicable to such employee) include, amongst others, full name of employer and employee, job title and main duties and responsibilities, start date of employment, working arrangements (such as daily working hours, number of working days per week and rest day(s)), salary period, basic salary, fixed allowances and deductions, overtime rate of pay, other salary-related components, types of leave, other medical benefits and notice period.

#### Regulations on Employment of Foreign Manpower

The Employment of Foreign Manpower Act 1990 of Singapore (“**EFMA**”) governs the employment of foreign workers in Singapore, and the regulatory authority is MOM. Under Section 5(1) of the EFMA, no person shall employ a foreign employee unless the foreign employee has obtained a valid work pass. Any person who contravenes Section 5(1) of the EFMA shall be guilty of an offense and shall

A work pass includes, amongst others:

(a) Employment Pass, for foreign professionals, managers and executives who meet the relevant eligibility criteria and:

(i) in the financial services sector, earn at least S\$5,500 per month (increasing progressively with age from age 23); or

(ii) in other sectors, earn at least S\$5,000 per month (increasing progressively with age from age 23);

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## REGULATORY OVERVIEW

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- (b) S Pass, for skilled workers who meet the relevant eligibility criteria and:
  - (i) in the financial services sector, earn at least S\$3,650 per month (increasing progressively with age from age 23); or
  - (ii) in other sectors, earn at least S\$3,150 per month (increasing progressively with age from age 23);
- (c) Work Permit for skilled or semi-skilled workers in the construction, manufacturing, marine shipyard, process or services sectors.

### Regulations on Workplace Safety and Health

Under Section 12 of the Workplace Safety and Health Act 2006 of Singapore (“**WSHA**”), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of (a) his employees at work and (b) persons (not being his employees) who may be affected by any undertaking carried on by him in the workplace.

### Regulations on Work Injury Compensation

Work injury compensation is governed by the Work Injury Compensation Act 2019 of Singapore (“**WICA**”) and is regulated by the MOM. The WICA applies to any person who has entered into or works under a contract of service with an employer, except: any member of the Singapore Armed Forces; any officer of the Singapore Police Force, the Singapore Civil Defence Force, the Central Narcotics Bureau or the Singapore Prisons Service; and a domestic worker, being an individual employed in or in connection with the domestic services of any private premises. WICA provides compensation for injuries arising out of and in the course of employment, and prescribes the entitlement and calculation methods of calculating such compensation.

Under Section 7(1), an employer is liable to pay compensation for personal injury caused by an accident arising in the course of employment. Compensation is calculated under the First Schedule, subject to minimum and maximum limits and factors such as severity and permanence of injury.

Section 24(1) requires employers to maintain approved insurance for all manual workers and employees earning S\$2,600 or below (excluding allowances, bonuses, etc.), in accordance with the Work Injury Compensation (Insurance) Regulations 2020. Failure to comply with Section 24(1) is an offense punishable by fine or imprisonment.

### Regulations on Central Provident Fund

The Central Provident Fund (“**CPF**”) is a mandatory social security savings scheme funded by contributions from employers and employees. The Central Provident Fund Act 1953 of Singapore (“**CPF Act**”) governs the contributions made by employers and employees into the CPF, and the CPF Act is administered by the Central Provident Fund Board.

Section 7(1) of the CPF Act provides that subject to Section 69 of the CPF Act and any regulations made under Section 77(1) of the CPF Act, every employer of an employee must pay to the CPF monthly in respect of each employee contributions at the appropriate rates set out in the First Schedule of the CPF Act. Pursuant to Section 7(2) of the CPF Act, notwithstanding the provisions of any written law or any contract to the contrary, an employer is entitled to recover from the monthly wages of an employee the amount shown in the First Schedule of the CPF Act as so recoverable from the employee. Section 7(3) of the CPF Act further provides that where any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPF Act fails to pay the contributions to the CPF within such time as may be prescribed, the employer shall be guilty of an offense and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding seven (7) years or to both.

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## **REGULATORY OVERVIEW**

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### **REGULATIONS ON PATENTS**

The Patents Act 1994 (“**PA**”) of Singapore, together with the Patents Rules, governs the registration, enforcement, and other matters relating to patents.

Under the PA, patent infringement arises when, without the consent of the patent proprietor, any of the following acts are carried out in Singapore in relation to the patented invention:

(a) where the invention is a product, a person makes, disposes, or offers to dispose of, uses or imports or keeps it;

(b) where the invention is a process, a person uses or offers the process for use in Singapore when the person knows or it is obvious to a reasonable person that the use would be an infringement of the patent; or

(c) where the invention is a process, a person disposes, offers to dispose of, uses or imports or keeps a product obtained directly by that process.

Patent infringement rights is actionable through civil litigation. The patent proprietor or an exclusive licensee may commence legal action against the infringer in their own name. If found liable, the patent owner or exclusive licensee is entitled to a claim for damages or an account of profits, an injunction, an order to deliver up or destroy an infringing product, and for a declaration that the patent is valid and has been infringed by the defendant. Despite the foregoing, it should be highlighted that the law does not permit the award of both damages and an account of profits for the same act of infringement. As such, the successful party may only claim either damages or an account of profits, but not both.

Under the PA, it is a criminal offense to

(a) make or cause to be made a false entry in the Singapore patent register,

(b) produces a false document claiming to be a copy of an entry in the register,

(c) make unauthorized claims about patent rights or a patent has been applied for, or

(d) misuse the title “Registry of Patents” on a person’s place of business, or on any document issued by the person.

Any person convicted of such an offense is liable to a fine, imprisonment, or both.

### **REGULATIONS ON PERSONAL DATA PROTECTION**

The Personal Data Protection Act 2012 of Singapore (“**PDPA**”) governs the collection, use and disclosure of personal data by organizations. For the purposes of the PDPA, “personal data” means data, whether true or not, about an individual who can be identified from that data, or from that data and other information to which the organization has or is likely to have access.

An organization is required to comply with, amongst others, the data protection obligations prescribed by the PDPA, which includes as follows:

(a) Accountability obligation – to develop and implement policies and practices that are necessary for the organization to meet the obligations of the organization under the PDPA, develop a process to receive and respond to complaints that may arise with respect to the application of PDPA, communicate to its staff information about the organisation’s policies and practices, and make information available on request about such policies and practices and the organisation’s complaints process;

## **REGULATORY OVERVIEW**

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(b) Consent obligation – not to collect, use or disclose personal data about an individual unless (i) the individual gives, or is deemed to have given, his or her consent under the PDPA to the collection, use or disclosure, as the case may be; or (ii) such collection, use or disclosure without the consent of the individual is required or authorized under the PDPA or any other written law;

(c) Purpose limitation obligation – to collect, use or disclose personal data about an individual only for purposes (i) that a reasonable person would consider appropriate in the circumstances; and (ii) that the individual has been informed of, if applicable;

(d) Notification obligation – to inform an individual of the purposes for the collection, use or disclosure of his or her personal data, on or before collecting such personal data, except if the individual is deemed to have consented to the collection, use or disclosure in accordance with the provisions of the PDPA or the organization collects, uses or discloses the personal data without the consent of the individual in accordance with the provisions of the PDPA;

(e) Access and correction obligation – on request of an individual, to, as soon as reasonably possible, (i) provide the individual with personal data about the individual that is in the possession or under the control of the organization, and information about the ways in which such personal data has been or may have been used or disclosed by the organization within a year before the date of the request, unless certain specified exceptions apply and/or (ii) correct an error or omission in the personal data about the individual that is in the possession or under the control of the organization, unless certain specified exceptions apply;

(f) Accuracy obligation – to make a reasonable effort to ensure that personal data collected by or on behalf of the organization is accurate and complete, if the personal data is likely to be used by the organization to make a decision that affects the individual to whom the personal data relates or is likely to be disclosed by the organization to another organization;

(g) Protection obligation – to protect personal data in the possession or under the control of the organization by making reasonable security arrangements to prevent unauthorized access, collection, use, disclosure, copying, modification, disposal or similar risks, and the loss of any storage medium or device on which personal data is stored;

(h) Retention limitation obligation – to cease to retain documents containing personal data, or remove the means by which the personal data can be associated with particular individuals, as soon as it is reasonable to assume that the purpose for which that personal data was collected is no longer being served by retention of the personal data and retention is no longer necessary for legal or business purposes;

(i) Transfer limitation obligation – not to transfer any personal data to a country or territory outside Singapore except in accordance with the requirements prescribed under the PDPA; and

(j) Data breach notification obligation – to assess if a data breach will result in, or is likely to result in, significant harm to an affected individual, or is, or is likely to be, of a significant scale. If so, to notify the Personal Data Protection Commission as soon as is practicable, but in any case no later than three (3) calendar days after making such an assessment. Each affected individual must also be notified in any manner that is reasonable in the circumstances.

The maximum financial penalty that can be imposed on organizations is S\$1,000,000, or 10% of the organisation’s annual turnover in Singapore, whichever is higher. The severity of the penalties will be assessed based on, amongst others, the amount of personal data involved, and the degree of harm caused to individuals.

### **LAWS AND REGULATIONS RELATING TO IMPORTS AND EXPORTS ACT**

The Regulation of Imports and Exports Act 1995 of Singapore (“**RIEA**”) together with its subsidiary legislation regulate all import and export activities. The RIEA is administered by the Director-General of Customs, an appointment made under the Customs Act 1960 of Singapore.

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## **REGULATORY OVERVIEW**

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Under the Regulation of Imports and Exports Regulations of Singapore (“**RIER**”) issued pursuant to the RIEA, and unless otherwise specified, the import, export, or transshipment of any goods in Singapore may only be carried out with a permit granted by the Director-General of Customs.

Applications for permits to import, export, or tranship goods must be filed with the Director- General of Customs by:

- (a) the relevant importer, exporter, shipping agent, air cargo agent, freight forwarder or common carrier; or
- (b) a registered declarant with Singapore Customs.

Unless stated otherwise, any person who commits an offense under the RIER is subject to the following penalties:

- (a) for a first conviction, a fine of up to S\$100,000 or three (3) times the value of the goods involved (whichever is higher), imprisonment of up to two (2) years, or both; and
- (b) for a second or subsequent conviction, a fine of up to S\$200,000 or four (4) times the value of the goods (whichever is higher), imprisonment of up to three (3) years, or both.

### **REGULATIONS ON PRODUCT LIABILITY**

In Singapore, the issue of product liability is generally governed by the law of negligence in the case of manufacturers, and by contract law in the case of sellers/suppliers.

To establish negligence, a claimant must prove that the manufacturer owed a duty of care, breached that duty, and that the breach caused loss or damage to the claimant. What amounts to negligence depends on the facts of each case. Where there is a duty to exercise care, reasonable care must be taken to avoid acts or omissions that can be reasonably foreseen as likely to cause physical injury to the persons or property. Liability for death or personal injury resulting from negligence cannot be excluded. Other liability for negligence may be excluded if such restriction is reasonable.

A contractual claim for damages requires privity of contract between the claimant and the seller/supplier of the goods, and that the seller/supplier breached an express or implied term of the contract (e.g., by supplying defective goods). Liability is strict where the contract has been breached, and will depend on the terms agreed between the parties or implied into the contract.

The content of such contractual obligations may be influenced by statute. Standard conditions are implied into all contracts for the sale of goods under the Sale of Goods Act 1979 and the Supply of Goods Act 1982. Products sold in the course of business must be of satisfactory quality and comply with the description applied to them or a sample supplied.

The Consumer Protection (Trade Descriptions and Safety Requirements) Act 1975 of Singapore (“**CPTSA**”) prohibits the application of a false trade description to any goods and supply of goods which have a false trade description. A false trade description under the CPTSA includes a trade description which is false or likely to mislead in a material respect, whether from anything contained in or omitted from the description. Under the CPTSA, the Minister for Trade and Industry may by regulations impose requirements for ensuring that, amongst others: (a) certain goods are marked with or accompanied by any information or instruction relating to the goods; (b) any description of advertisements of certain goods should contain or refer to any information relating to the goods, or of an indication of the means by which that information may be obtained; and (c) certain goods are subject to safety requirements relating to composition or contents, design, construction, finish or packing and marked with or accompanied by any information, warning or instruction.

## **REGULATORY OVERVIEW**

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### **REGULATIONS ON GENERAL CORPORATE GOVERNANCE**

The Companies Act 1967 of Singapore generally governs, among others, matters relating to the status, powers and capacity of a company, shares and share capital of a company (including allotments and issuances and transfers of ordinary shares and preference shares), treasury shares, share splits, share buybacks, redemption of shares, conversion of shares, reduction of share capital, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders and dealings between such persons and the company), protection of minority shareholders’ rights, accounts and audit requirements, arrangements, reconstructions and amalgamations, winding up and dissolution.

In addition, members of a company are subject to, and bound by, the provisions of the constitution of the company. The constitution of a company contains, among others, provisions relating to some of the matters in the foregoing paragraph as well as the rights and privileges attached to the different classes of shares of the company (if applicable).

### **REGULATIONS ON TAXATION**

The discussion in this section is not intended to be and does not constitute legal or tax advice. It is based on the current tax laws and practice in Singapore and is subject to changes in such laws, or in the interpretation thereof. Such changes may be retrospective. No assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws and practice will not occur on a retrospective basis.

#### **Regulations on Corporate Tax**

Corporate taxpayers (whether Singapore tax resident or non-Singapore tax resident) are generally subject to Singapore income tax on income accruing in or derived from Singapore or received in Singapore from outside Singapore (unless specified conditions for exemption are satisfied). Foreign income in the form of foreign-sourced dividends, foreign branch profits, and foreign-sourced service income by a Singapore tax resident corporate taxpayer may however be exempt from Singapore tax if specified conditions are satisfied.

Section 43(1) of the Income Tax Act 1947 of Singapore (“**ITA**”) provides, among others, that the prevailing corporate income tax rate is 17%. Section 43(6B) of the ITA provides, among others, that there is partial tax exemption for chargeable income of up to S\$200,000 as follows:

- (a) for every dollar of the first \$10,000 of the chargeable income, only 25% is chargeable with tax; and
- (b) for every dollar of the next \$190,000 of the chargeable income, only 50% is chargeable with tax.

The chargeable income of a company in excess of the first S\$200,000 (after the partial tax exemption) will be fully taxable at the prevailing corporate income tax rate of 17%.

#### **Regulations on Dividend Distributions and Withholding Tax**

All Singapore tax resident companies are under the one-tier corporate taxation system of Singapore (“**One-Tier System**”). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of a company resident in Singapore can be distributed to its shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, irrespective of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Singapore currently does not impose withholding tax on dividends paid to resident or non-resident shareholders.

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## REGULATORY OVERVIEW

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### Regulations on Goods and Services Tax

The Goods and Services Tax Act 1993 of Singapore governs goods and services tax (“**GST**”), which is a consumption tax that is levied on the import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 9%.

### Regulations on Stamp Duty

There is no stamp duty payable on the subscription and issuance of shares.

Stamp duty is payable on a transfer of shares if there is an instrument of transfer executed in Singapore or if there is an instrument of transfer executed outside Singapore which is received in Singapore. In such situations, stamp duty is payable on the instrument of transfer of shares at the rate of 0.2% of the consideration for, or net asset value of, the shares, whichever is higher.

## APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THAILAND

Through our Thai subsidiaries, MFLEX Thailand, we operate in Thailand as a manufacturer of printed circuit board.

### REGULATIONS ON FOREIGN BUSINESS

The Foreign Business Operations Act B.E. 2542 (1999) (“**FBOA**”) is the key piece of legislation that restricts foreign entities or companies in which foreigners hold 50% or more of the registered capital from engaging in certain businesses that are reserved for Thai nationals unless a foreign business license or foreign business certificate is obtained from the Department of Business Development, Ministry of Commerce.

The restricted activities are listed in three schedules annexed to the FBOA. These cover, among others, businesses relating to national security, natural resources, and services that Thai authorities deem appropriate to reserve for Thai nationals. However, manufacturing activities and export activities are not restricted under the FBOA. A foreign majority-owned company may engage in manufacturing and the sale (including export) of products it manufactures without the need for a foreign business license or foreign business certificate.

Violations of the FBOA may result in penalties including imprisonment and fines.

### REGULATIONS ON INVESTMENT

Investment promotion in Thailand is governed by the Investment Promotion Act B.E. 2520 (1977), which empowers the Board of Investment of Thailand (“**BOI**”) to grant both tax and non-tax incentives to qualifying investment projects in designated industries or locations.

BOI-promoted companies are entitled to a range of incentives, including exemption from corporate income tax for a period of up to eight years, reduction of import duties on machinery and raw materials, permission for foreign ownership of land used in the promoted project, and relaxed requirements on the employment of foreign skilled workers and experts.

BOI-promoted companies are required to comply with the conditions stated in their promotion certificates, including restrictions on the use of machinery, the scope of business, environmental standards, and reporting obligations to the BOI. Failure to comply may result in partial or full revocation of promotional benefits.

## **REGULATORY OVERVIEW**

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### **REGULATIONS ON MANUFACTURING**

The activities relating to manufacturing in Thailand are primarily regulated under the Factory Act B.E. 2535 (1992), which governs the establishment, operation, and supervision of factories. Depending on the type and size of the factory or the total horsepower of machinery used, an operator may be required to obtain a factory licenses (Ror. Ngor. 4) from the Department of Industrial Works or the relevant industrial estate authority.

Operating a factory without the requisite licenses, or in violation of the conditions specified in the factory licenses, may result in penalties including imprisonment and fines.

As the Thai Subsidiary is located within an industrial estate, its factory operation falls under the supervision of the Industrial Estate Authority of Thailand (“**IEAT**”), and the requisite licenses are issued by the IEAT rather than by the Department of Industrial Works.

### **INDUSTRIAL ESTATE AUTHORITY OF THAILAND REGULATIONS**

Industrial estates in Thailand are governed by the Industrial Estate Authority of Thailand Act B.E. 2522 (1979), administered by the IEAT under the Ministry of Industry. The IEAT is responsible for the establishment, supervision, and regulation of industrial estates, which are designated zones for industrial operations with integrated infrastructure and environmental management.

Factories established within IEAT estates benefit from streamlined administrative processes, such as one-stop service for licenses, construction permits, and customs clearance. The IEAT may grant special privileges for foreign investors, including the right to own land within the industrial estate.

Companies operating in an IEAT estate must comply with the regulations such as land use, environmental protection, waste management, safety, and utility usage. The IEAT also monitors compliance with industrial standards and may impose administrative penalties or order suspension of operations in case of material non-compliance.

### **REGULATIONS ON LABOR AND EMPLOYMENT**

Employment relationships in Thailand are governed primarily by the Labor Protection Act B.E. 2541 (1998) (“**LPA**”). The LPA prescribes minimum employment standards, including working hours, rest periods, holidays, leave entitlements, overtime and termination procedures. Any employment contract that provides less favourable conditions than the statutory minimum will be void to the extent of such inconsistency.

Employers with ten or more employees are required to establish written work rules, maintain an employee register, and submit annual declarations of working conditions (Form Kor Ror 11) to the Department of Labor Protection and Welfare. Employers must also contribute to the Social Security Fund under the Social Security Act B.E. 2533 (1990) and the Workmen’s Compensation Fund under the Workmen’s Compensation Fund Act B.E. 2537 (1994).

Foreign nationals may be employed in Thailand subject to the Emergency Decree on Managing the Work of Foreigners B.E. 2560 (2017), which requires a valid work permit or other authorization.

In addition, employers must ensure compliance with occupational health and safety standards under the Occupational Safety, Health and Environment Act B.E. 2554 (2011). Non-compliance with Thai labor laws may result in administrative fines and criminal penalties.

## **REGULATORY OVERVIEW**

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### **REGULATIONS ON EXPORT**

Under Thai law, the exportation of certain categories of goods is subject to control or restriction, and a specific permit or license may be required. The relevant legislation includes the Export and Import of Goods Act B.E. 2522 (1979) and ministerial notifications issued thereunder.

In addition, exporters must also take into account the laws and regulations of the jurisdictions of destination, including any import restrictions or product standards applicable in those jurisdictions.

Exporters are responsible for obtaining the necessary licenses and ensuring compliance with customs, tariff and documentation requirements. Failure to comply with applicable export control laws may result in penalties such as fines, confiscation of goods or revocation of export privileges.

### **REGULATIONS ON TAX MATTERS**

The Revenue Code of Thailand is the principal legislation governing taxation in Thailand. Companies incorporated in Thailand are generally subject to corporate income tax at a rate of 20% on their net profits. The sale of goods and the provision of services in Thailand are subject to value-added tax (VAT), currently at the rate of 7%, except for certain exempt goods and activities. Other taxes include withholding tax, specific business tax for certain activities, and stamp duty on specified instruments.

Dividends paid by a Thai company to non-Thai resident shareholders are generally subject to withholding tax at the rate of 10%, unless reduced or exempted under an applicable double taxation treaty.

BOI-promoted companies may be entitled to exemptions from corporate income tax and import duties as specified in their promotion certificates. Companies operating within IEAT estates may also enjoy additional facilitation measures on duties payment in connection with import and export operations.

Stamp duty is payable on certain instruments executed in Thailand or brought into Thailand. For a transfer of shares, the share transfer instruments are subject to stamp duty at the rate of THB 1 for every THB 1,000 (or fraction thereof) of the greater of the paid-up value, or consideration of the shares as specified in the share transfer instruments.