Our business operations are subject to various PRC laws, rules, and regulations. This section summarizes the most significant laws and regulations applicable to our current business activities within the territory of the PRC.

REGULATIONS RELATING TO IMPORT AND EXPORT TRADE

Pursuant to the *Foreign Trade Law of the People's Republic of China* (the "**Foreign Trade Law**") promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on 12 May 1994, and last amended on 30 December 2022, the state permits the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations. Prior to 30 December 2022, under the pre-amended Foreign Trade Law, foreign trade operators engaged in the import or export of goods or technologies were required to complete filing and registration formalities with the competent foreign trade department under the State Council or its authorized institutions, unless exempted by laws, administrative regulations, and rules of the competent foreign trade department under the State Council. Pursuant to the *Decision on Amending the Foreign Trade Law of the People's Republic of China* adopted by the SCNPC on 30 December 2022, the aforementioned requirement for "filing and registration of foreign trade operators" was abolished with effect from the date of issuance of the decision. Consequently, as foreign trade operators, with effect from 30 December 2022, we are no longer required to complete foreign trade operator registration formalities.

Pursuant to the *Customs Law of the People's Republic of China* (the "**Customs Law**") promulgated by the SCNPC on 22 January 1987, last amended and came into effect on 29 April 2021, and the *Provisions of the Customs of the People's Republic of China on the Administration of Filing of Customs Declaration Entities* promulgated by the General Administration of Customs on 19 November 2021 and came into effect on 1 January 2022, unless otherwise provided by the Customs Law, inbound and outbound means of transport, goods, and articles must enter or leave the territory through places where customs offices are established.

Consignors and consignees of imported and exported goods, as well as customs declaration enterprises, shall complete filing formalities with the customs in accordance with the law. Imported goods from the time of entry until the completion of customs formalities, exported goods from the time of customs declaration until departure, and transit, transshipment, and through-transit goods from the time of entry until departure, shall be subject to customs supervision. Customs duties shall be levied by the customs in accordance with the law on goods permitted to be imported or exported and inbound or outbound articles. The consignee of imported goods, the consignor of exported goods, and the owner of inbound or outbound articles are the taxpayers of customs duties. The duty-paid value of imported and exported goods shall be determined by the customs based on the transaction value of the goods. Where the transaction value cannot be determined, the duty-paid value shall be appraised by the customs in accordance with the law.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Pursuant to the *Company Law of the People's Republic of China* (the "**Company Law**") promulgated by the SCNPC on 29 December 1993, last amended on 29 December 2023, and came into effect on 1 July 2024, the establishment, operation, and management of corporate entities in China shall comply with the Company Law. The Company Law also applies to foreign-invested limited liability companies. Where other laws provide otherwise for foreign investment, such laws shall prevail.

Pursuant to the *Foreign Investment Law of the People's Republic of China* promulgated by the National People's Congress on 15 March 2019 and came into effect on 1 January 2020, and the *Implementing Regulations of the Foreign Investment Law of the People's Republic of China* promulgated by the State Council on 26 December 2019 and came into effect on 1 January 2020, "foreign investment" refers to investment activities directly or indirectly conducted by foreign natural persons, enterprises, or other organizations within the territory of China. The state implements the management system of pre-entry national treatment plus a negative list for foreign investment.

The primary regulations governing investment activities of foreign investors within the territory of China are the *Catalogue of Industries for Encouraged Foreign Investment (2022 Edition)* promulgated by the Ministry of Commerce ("**MOFCOM**") and the National Development and Reform Commission ("**NDRC**") on 26 October 2022 and came into effect on 1 January 2023, and the *Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition)* promulgated on 6 September 2024 and came into effect on 1 November 2024. The catalogue and the negative list enumerate industries where foreign investment is encouraged, restricted, or prohibited. Industries not listed in any of the aforementioned three categories are generally open to foreign investment, unless explicitly restricted by other PRC laws and regulations. Foreign investors are encouraged to invest in the software development industry.

Pursuant to the *Measures for Information Reporting on Foreign Investment* jointly promulgated by MOFCOM and the State Administration for Market Regulation on 30 December 2019 and came into effect on 1 January 2020, foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce authorities through the enterprise registration system and the National Enterprise Credit Information Publicity System. Pursuant to the *Measures for the Security Review of Foreign Investment* jointly promulgated by the NDRC and MOFCOM on 19 December 2020 and came into effect on 18 January 2021, an office of the working mechanism for the security review of foreign investment is established under the NDRC, which is led by the NDRC and MOFCOM to undertake the daily work of foreign investment security reviews.

LAWS AND REGULATIONS RELATING TO CONSTRUCTION

(1) State-owned Land Use Rights

Pursuant to the *Land Administration Law of the People's Republic of China* promulgated by the SCNPC on 25 June 1986, last amended on 26 August 2019 and came into effect on 1 January 2020, the *Regulations for the Implementation of the Land Administration Law of the People's Republic of China* last amended by the State Council on 2 July 2021 and came into effect on 1 September 2020, and the *Provisional Regulations of the People's Republic of China on the Assignment and Transfer of the Right to the Use of State-owned Land in Urban Areas* issued by the State Council on 19 May 1990 and came into effect on the same date, and last amended and came into effect on 29 November 2020, the state adopts a system of compensated use of state-owned land, except where the right to use state-owned land is allocated by the state within the scope prescribed by law. The methods for compensated use of state-owned land primarily include the assignment of state-owned land use rights, leasing of state-owned land, and the injection of land use rights as capital contribution or shares. The assignment of land use rights may be conducted by way of agreement, tender, or auction. For land use rights assigned, a land use rights assignment contract shall be entered into and land premium shall be paid.

(2) Construction Land Planning Permit

Pursuant to the *Urban and Rural Planning Law of the People's Republic of China* promulgated by the SCNPC on 28 October 2007, last amended and came into effect on 23 April 2019, a construction land planning permit must be obtained for the use of allocated land and assigned land. For construction projects within the territory of China, we are required to obtain the relevant construction land planning permits.

(3) Construction Project Planning Permit

Pursuant to the *Urban and Rural Planning Law of the People's Republic of China*, where construction projects are to be carried out within a city or town planning zone, the relevant construction entity or individual shall apply for a construction project planning permit from the competent urban and rural planning authority under the municipal or county people's government, or the town people's government designated by the people's government of the province, autonomous region, or municipality directly under the Central Government. For construction projects within the territory of China, we are required to obtain the relevant construction project planning permits.

(4) Construction Work Commencement Permit

Pursuant to the *Construction Law of the People's Republic of China* promulgated by the SCNPC on 1 November 1997, last amended and came into effect on 23 April 2019, prior to the commencement of construction work, the construction entity shall apply for a construction work commencement permit from the competent administrative department of construction under the people's government at or above the county level where the project is located in accordance with relevant state regulations, except for small-scale projects below the limits set by the competent administrative department of construction under the State Council. Construction projects whose commencement reports have been approved in accordance with the procedures prescribed by the State Council are no longer required to obtain a construction work commencement permit. For construction projects within the territory of China, we are required to obtain the relevant construction work commencement permits.

(5) Completion Acceptance of Construction Projects

Pursuant to the *Provisions on the Completion Acceptance of Housing Construction and Municipal Infrastructure Projects* promulgated by the Ministry of Housing and Urban-Rural Development (the "**MOHURD**") on 2 December 2013 and came into effect on the same date, an acceptance group consisting of the design, survey, construction, and project supervision entities shall be established upon the completion of a project. Each entity shall report on the performance of the project contract and the compliance with laws, regulations, and mandatory engineering construction standards during various stages of project construction.

Pursuant to the *Administrative Measures for the Filing of Completion Acceptance of Housing Construction and Municipal Infrastructure Projects* promulgated by the MOHURD on 19 October 2009 and came into effect on the same date, the construction entity shall, within 15 days from the date when the project passes the completion acceptance, file a record with the competent construction authority under the local people's government at or above the county level where the project is located.

REGULATIONS RELATING TO LEASING

Pursuant to the Civil Code, an owner is entitled to the rights to possess, use, benefit from, and dispose of its own immovable or movable property in accordance with the law. A lessee may, with the consent of the lessor, sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor shall remain valid. If the lessee subleases the premises without the consent of the lessor, the lessor may terminate the contract. Furthermore, any change in the ownership of the leased property within the lease term in accordance with the lease contract shall not affect the validity of the lease contract. In addition, pursuant to the Civil Code, if the leased property has been leased and possessed prior to the establishment of the mortgage right, the original lease relationship shall not be affected by such mortgage right.

Pursuant to the *Administrative Measures for Commodity Housing Leasing* promulgated by the MOHURD on 1 December 2010 and came into effect on 1 February 2011, the parties to a housing lease shall, within 30 days after the execution of the lease contract, handle housing lease registration and filing formalities with the competent construction (real estate) authorities under the people's government of the municipality directly under the Central Government, city, or county where the leased housing is located. Parties violating such provisions shall be ordered to make corrections within a time limit; where corrections are not made within the time limit, a fine ranging from RMB1,000 to RMB10,000 shall be imposed on each lease agreement.

Pursuant to the *Interpretation of the Supreme People's Court on Several Issues Concerning the Specific Application of Law in the Trial of Cases Involving Disputes over Urban Housing Lease Contracts (2020 Amendment)* which came into effect on 1 January 2021, where the ownership of the leased housing changes within the lease term during which the lessee possesses the housing in accordance with the terms of the lease contract, and the lessee requests the transferee of the housing to continue to perform the original lease contract, the People's Court shall support such request, except where the ownership changes due to the mortgagee realizing the mortgage right where a mortgage had been established on the leased housing prior to the lease.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark Rights

Pursuant to the *Trademark Law of the People's Republic of China* promulgated by the SCNPC on 23 August 1982, last amended on 23 April 2019 and came into effect on 1 November 2019, and the *Regulation for the Implementation of the Trademark Law of the People's Republic of China* promulgated by the State Council on 3 August 2002, subsequently amended on 29 April 2014 and came into effect on 1 May 2014, the validity period of a registered trademark is ten years, which may be renewed for another ten years upon application by the trademark registrant. Trademark licensing agreements must be filed with the Trademark Office. The *Trademark Law of the People's Republic of China* adopts the "first-to-file" principle for trademark registration. Acts constituting an infringement of the exclusive right to use a registered trademark include, but are not limited to, using a trademark that is identical or similar to a registered trademark on identical or similar goods without the license of the trademark registrant. The infringer will be ordered to cease the infringing act immediately and may be subject to a fine. The infringer shall also be liable for damages to the right holder, the amount of which shall be equivalent to the benefits gained by the infringer or the losses suffered by the right holder due to the infringement, including reasonable expenses incurred by the right holder in stopping the infringing act.

Copyright

Pursuant to the *Copyright Law of the People's Republic of China* promulgated by the SCNPC, last amended in November 2020, and its relevant implementation regulations, Chinese citizens, legal persons, or other organizations enjoy copyright over their works, including literature, art, natural sciences, social sciences, engineering technology, and computer software, regardless of whether such works are published. Copyright holders of protected works enjoy personal and property rights, including the right of publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, cinematographic production, adaptation, translation, compilation, and other rights to be enjoyed by copyright holders.

Patent Rights

Pursuant to the *Patent Law of the People's Republic of China* promulgated by the SCNPC, last amended in October 2020 and came into effect on 1 June 2021, and its implementing rules, patents are divided into three categories, namely invention patents, utility model patents, and design patents.

Invention patents are granted for new technical solutions proposed for products, methods, or improvements thereof. Utility model patents are granted for practical new technical solutions proposed for the shape, structure, or combination thereof of a product. Design patents are granted for new designs of the overall or partial shape, pattern, or combination thereof, as well as the combination of color, shape, and pattern of a product, which are aesthetically pleasing and suitable for industrial application. The duration of invention patent rights, design patent rights, and utility model patent rights is 20 years, 15 years, and 10 years, respectively, all commencing from the date of application. The patent system in China implements the "first-to-file" principle, meaning that where two or more applicants apply for a patent for the same invention-creation respectively, the patent right shall be granted to the person who applied first. Exploiting a patent without the license of the patentee constitutes an infringement of the patent right, and the infringer shall bear compensation liability to the patentee, and may be subject to a fine or even criminal liability.

Domain Names

The *Administrative Measures on Internet Domain Names* promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") in 2017 implements the "first-to-apply, first-to-register" rule for allocating domain names to applicants, and stipulates that the MIIT implements supervision and administration over domain name services nationwide and promotes the Chinese domain name system. Upon completion of the registration procedures, the applicant becomes the holder of the relevant domain name.

REGULATIONS RELATING TO FIRE PROTECTION

Pursuant to the *Fire Protection Law of the People's Republic of China* promulgated by the SCNPC on 29 April 1998, last amended and came into effect on 29 April 2021, construction projects for which fire protection acceptance is required by law are prohibited from being put into use if they have not undergone fire protection acceptance or have failed to pass such acceptance; other construction projects that fail to pass random inspection shall cease to be used; enterprises shall perform fire protection safety duties.

REGULATIONS RELATING TO SAFE PRODUCTION

Pursuant to the *Safe Production Law of the People's Republic of China* promulgated by the SCNPC on 29 June 2002, last amended on 10 June 2021 and came into effect on 1 September 2021, production and business operations entities shall possess the conditions for safe production as prescribed by this law, relevant laws, administrative regulations, and national or industry standards; those failing to possess the conditions for safe production shall not engage in production and business activities. The responsibility system for safe production of all employees of production and business operations entities shall clarify the responsible personnel, scope of responsibility, and assessment standards for each position.

REGULATIONS RELATING TO CYBER DATA COMPLIANCE

The SCNPC promulgated the *Data Security Law of the People's Republic of China* on 10 June 2021 (effective from 1 September 2021), which establishes a data classification and hierarchical protection system to implement classification and hierarchical protection for data. Organizations carrying out data activities shall establish and improve a full-process data security management system, organize data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security in accordance with laws and regulations.

Pursuant to the *Measures for the Security Assessment of Outbound Data Transfer* issued by the Cyberspace Administration of China (the "**CAC**") on 7 July 2022 and came into effect on 1 September 2022, a data handler who provides data overseas under any of the following circumstances shall apply for a security assessment of outbound data transfer to the national cyberspace administration authority through the local provincial cyberspace administration authority: (i) the data handler provides important data overseas; (ii) critical information infrastructure operators and data handlers processing personal information of over 1 million individuals provide personal information overseas; (iii) data handlers who have cumulatively provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals overseas since 1 January of the previous year provide personal information overseas; and (iv) other circumstances where an application for security assessment of outbound data transfer is required as prescribed by the national cyberspace administration authority.

Pursuant to the *Measures on the Standard Contract for Outbound Transfer of Personal Information* issued by the CAC on 22 February 2023 and came into effect on 1 June 2023, a personal information handler who provides personal information overseas by entering into a standard contract shall simultaneously meet the following conditions: (i) being a non-critical information infrastructure operator; (ii) processing personal information of less than 1 million individuals; (iii) having cumulatively provided personal information of less than 100,000 individuals overseas since 1 January of the previous year; and (iv) having cumulatively provided sensitive personal information of less than 10,000 individuals overseas since 1 January of the previous year. Pursuant to the *Provisions on Promoting and Regulating Cross-border Data Flows*, data handlers other than critical information infrastructure operators who have cumulatively provided non-sensitive personal information of less than 100,000 individuals overseas since 1 January of the current year shall be exempted from applying for security assessment of outbound data transfer, entering into a standard contract for outbound transfer of personal information, or passing personal information protection certification.

REGULATIONS RELATING TO PERSONAL INFORMATION PROTECTION

Pursuant to the *Civil Code*, the personal information of a natural person shall be protected by law. Any organization or individual that needs to obtain the personal information of others shall obtain such information legally and ensure information security, and shall not illegally collect, use, process, or transmit the personal information of others, nor illegally buy, sell, provide, or disclose the personal information of others. The *Personal Information Protection Law of the People's Republic of China* (the "PIPL"), promulgated by the SCNPC on 20 August 2021 and implemented on 1 November 2021, further emphasizes the obligations and responsibilities of processors in protecting personal information and requires a higher level of protection for the processing of sensitive personal information.

Pursuant to the *Cybersecurity Law of the People's Republic of China* promulgated by the SCNPC on 7 November 2016, last amended on 28 October 2025, and effective as from 1 January 2026, network operators collecting and using personal information shall follow the principles of legality, justification, and necessity, disclose the rules for collection and use, explicitly state the purposes, methods, and scope of information collection and use, and obtain the consent of the persons whose information is collected. Network operators shall not collect personal information that is irrelevant to the services they provide. Network operators shall not disclose, tamper with, or damage the personal information they collect; and shall not provide personal information to others without the consent of the person whose information is collected, except for those processed in such a way that specific individuals cannot be identified and cannot be recovered. Network operators shall take technical measures and other necessary measures to ensure the security of the personal information they collect and to prevent information disclosure, damage, or loss.

REGULATIONS RELATING TO LABOUR AND EMPLOYMENT

Labour and Employment

The primary PRC laws and regulations governing Labour relations are the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* (the "**Labour Contract Law**") and its implementation regulations, which impose strict requirements on the conclusion of fixed-term labour contracts, the recruitment of temporary workers, and the dismissal of employees by employers.

The *Labour Contract Law*, which became effective on 1 January 2008, is primarily intended to regulate the rights and obligations in Labour relations, including the conclusion, performance, and termination of labour contracts. Pursuant to the *Labour Contract Law*, a written Labour contract must be concluded where a labour relationship has been or will be established between an employer and an employee. Employers shall not force employees to work overtime and must pay overtime pay to employees in accordance with national regulations. In addition, the wages of employees shall not be lower than the local minimum wage standards and must be paid to employees in a timely manner.

Social Insurance

The *Social Insurance Law of the People's Republic of China* (the "**Social Insurance Law**"), promulgated by the SCNPC in 2010 and last amended on 29 December 2018, established social insurance systems including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and stipulates in detail the legal obligations and liabilities for employers who fail to comply with relevant social insurance laws and regulations. Pursuant to the Social Insurance Law and the Provisional Regulations on the Collection and Payment of Social Insurance Premiums promulgated by the State Council on 22 January 1999, last amended and effective as from 24 March 2019, enterprises shall handle social insurance registration with local social insurance agencies and pay or withhold relevant social insurance premiums for their employees. Where an employer fails to pay social insurance premiums, it shall be ordered to make the payment within a prescribed time limit and be subject to late payment fees. If the employer still fails to make the payment within the prescribed time limit, a fine ranging from one to three times the amount of the arrears may be imposed.

Housing Provident Fund

Pursuant to the *Housing Provident Fund Management Regulations* promulgated by the State Council on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, enterprises must register with the designated management center and open bank accounts for the contribution of housing provident fund for their employees. The employer and employees shall also contribute to the housing provident fund in a timely manner and in full, and the amount of contribution shall not be less than 5% of the average monthly salary of the employee in the previous year. Where an employer fails to pay or underpays the contribution within the time limit, the housing provident fund management center shall order it to make the payment within a prescribed time limit. If the employer still fails to make the payment within the prescribed time limit, an application may be made to the People's Court for compulsory enforcement.

Where an entity fails to handle housing provident fund contribution registration or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to handle the same within a prescribed time limit; if it fails to do so within the prescribed time limit, a fine ranging from RMB10,000 to RMB50,000 shall be imposed.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The primary regulation governing foreign exchange within the territory of China is the *Regulations of the People's Republic of China on Foreign Exchange Administration* last amended in August 2008. Pursuant to the Chinese foreign exchange regulations, foreign exchange payments under current accounts, such as profit distribution, interest payments, and foreign exchange transactions related to trade and services, can be paid in foreign currencies after complying with certain procedural requirements without prior approval from the State Administration of Foreign Exchange (the **"SAFE"**). In contrast, converting RMB into foreign currencies and remitting them out of China for payments under capital accounts, such as direct investment, repayment of foreign currency loans, round-trip investment, and investment in securities outside China, shall be subject to the approval or registration of relevant government departments.

The SAFE issued the *Notice of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises* (the **"SAFE Circular 19"**) on 30 March 2015, which came into effect on 1 June 2015, was partially repealed on 30 December 2019, and last amended on 23 March 2023. SAFE Circular 19 expanded the pilot reform of the management approach for the settlement of foreign exchange capital of foreign-invested enterprises to a nationwide scale. In June 2016, the SAFE further issued the *Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Administrative Policy on Settling Foreign Exchange Capital under Capital Accounts* (the **"SAFE Circular 16"**), which included amendments to certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of RMB funds converted from foreign currency registered capital of foreign-invested companies are regulated. Except as otherwise permitted by its business scope, RMB funds shall not be used for business outside its business scope or for providing loans to persons other than affiliated enterprises.

In October 2019, the SAFE issued the *Notice of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation* (the **"SAFE Circular 28"**), which lifted restrictions on domestic equity investment with capital funds by non-investment foreign-invested enterprises, allowing non-investment foreign-invested enterprises to legally make equity investments in China with capital funds on the premise that the negative list is not violated and the invested project is true and compliant. Pursuant to the *Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business* (the **"SAFE Circular 8"**) issued by the SAFE in April 2020, on the premise of ensuring that the use of funds is true and compliant and complies with the current administrative regulations on the use of capital account income, eligible enterprises are allowed to use capital account income such as capital funds, foreign debts, and overseas listings for domestic payments without providing authenticity certification materials to the bank note by note in advance. The handling bank shall conduct ex-post random checks in accordance with relevant requirements. The interpretation and actual enforcement of SAFE Circular 28 and SAFE Circular 8 may still involve significant uncertainties.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

Pursuant to the *Enterprise Income Tax Law of the People's Republic of China* promulgated by the SCNPC and last amended on 29 December 2018, and the *Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China* promulgated by the State Council and last amended in April 2019 (collectively, the **"Enterprise Income Tax Law"**), a uniform enterprise income tax rate of 25% is levied on foreign-invested enterprises and domestic enterprises, and tax incentives are given to special industries and projects. Eligible small low-profit enterprises are subject to a reduced enterprise income tax rate of 20%. High and new technology enterprises that require key support from the Chinese government are subject to a reduced enterprise income tax rate of 15%.

Value-added Tax

Pursuant to the *Interim Regulations of the People's Republic of China on Value-added Tax* promulgated by the State Council and last amended on 19 November 2017, and the *Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-added Tax* promulgated by the Ministry of Finance, last amended on 28 October 2011 and came into effect on 1 November 2011, entities and individuals engaged in the sale of goods, provision of processing, repair and replacement services, or importation of goods within China are taxpayers of value-added tax.

Dividend Distribution

The primary laws, rules, and regulations governing the dividend distribution of foreign-invested enterprises in China are the *Company Law of the People's Republic of China* promulgated in 1993 and last amended in 2023, as well as the Foreign Investment Law and its implementation regulations. Pursuant to these requirements, foreign-invested enterprises may only pay dividends out of their accumulated profits (if any) determined in accordance with Chinese accounting standards and regulations. Chinese companies are required to allocate at least 10% of their respective accumulated after-tax profits (if any) each year to a certain statutory surplus reserve fund until the total amount of the reserve fund reaches 50% of the enterprise's registered capital. Before distributing profits, a Chinese company shall first use its profits to make up for losses in previous accounting years. Retained profits from previous accounting years may be distributed together with the distributable profits of the current accounting year.

REGULATIONS RELATING TO SECURITIES AND OVERSEAS LISTING

Securities Law

The *Securities Law of the People's Republic of China* was promulgated by the SCNPC on 29 December 1998, last amended on 28 December 2019 and came into effect on 1 March 2020, comprehensively regulating activities in the Chinese securities market, including the issuance and trading of securities, acquisitions of listed companies, securities exchanges, and securities companies, as well as the duties of securities regulatory authorities. The Securities Law further stipulates that domestic enterprises issuing securities overseas directly or indirectly or listing their securities overseas shall comply with relevant regulations of the State Council, and the specific measures for subscribing and trading shares of domestic companies in foreign currencies shall be separately prescribed by the State Council. The China Securities Regulatory Commission (the **"CSRC"**) is the securities regulatory authority established by the State Council, responsible for supervising and administering the securities market, maintaining market order, and ensuring the legal operation of the market in accordance with the law. Currently, the issuance and trading of H shares are primarily regulated by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listing Regulations

Relevant Chinese government authorities promulgated the *Opinions on Strictly and Lawfully Cracking Down on Illegal Activities in the Securities Market* on 6 July 2021, which emphasized the need to strengthen cross-border regulatory cooperation, improve relevant laws and regulations on data security, cross-border data transmission, and confidentiality information management, and proposed to amend the regulations on strengthening confidentiality and archives management regarding overseas securities issuance and listing, implement the information security responsibility of overseas listed companies, and strengthen the standardized management of cross-border information provision mechanisms and procedures.

On 17 February 2023, the CSRC issued several regulations on the filing management of domestic enterprises issuing and listing securities overseas, including the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies* (the **"Overseas Listing Trial Measures"**) and five supporting guidelines (together with the Overseas Listing Trial Measures, collectively the **"Overseas Listing Regulations"**). Pursuant to the Overseas Listing Regulations, domestic enterprises that directly or indirectly issue securities overseas or list their securities on overseas exchanges shall file with the CSRC within 3 business days after submitting the issuance and listing application documents overseas.

The Overseas Listing Regulations stipulate that an overseas issuance and listing shall be prohibited under any of the following circumstances: (i) where listing and financing are explicitly prohibited by laws, administrative regulations, or relevant state regulations; (ii) where the overseas issuance and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with the law; (iii) where the domestic enterprise or its controlling shareholder or actual controller has committed criminal offenses such as corruption, bribery, encroachment of property, misappropriation of property, or undermining the order of the socialist market economy within the past 3 years; (iv) where the domestic enterprise is being investigated under the law for suspected crimes or material violations of laws and regulations, and no clear conclusive opinion has been reached; or (v) where there are material ownership disputes over the equity held by the controlling shareholder or by shareholders controlled by the controlling shareholder or actual controller. In addition, the Overseas Listing Regulations stipulate that after an issuer issues securities and lists on an overseas market, it shall report the specific situation to the CSRC within 3 business days from the date when the relevant matter occurs and is announced upon the occurrence of any of the following events: (i) change of control; (ii) the issuer is subject to investigation, punishment, or other measures by overseas securities regulatory authorities or competent authorities; (iii) conversion of listing status or listing board; and (iv) voluntary delisting or mandatory delisting. Overseas issuance and listing activities of domestic enterprises shall strictly abide by national security laws, administrative regulations, and relevant provisions regarding foreign investment, cybersecurity, data security, etc., and earnestly fulfill obligations to safeguard national security.

On 24 February 2023, the CSRC and three other relevant government authorities jointly promulgated the *Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies* (the **"Confidentiality Provisions"**). Pursuant to the Confidentiality Provisions, domestic enterprises providing or publicly disclosing documents or materials involving state secrets or work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals shall report to the competent authorities with approval authority for approval under the law, and file with the administrative department of confidentiality at the same level. Working papers formed within the territory by securities companies and securities service institutions providing corresponding services for overseas issuance and listing of domestic enterprises shall be stored within the territory. Where they need to leave the territory, approval formalities shall be handled in accordance with national regulations.

REGULATIONS RELATING TO H SHARE FULL CIRCULATION

"Full circulation" refers to the listing and circulation on the Stock Exchange of unlisted domestic shares of H-share companies (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued domestically after overseas listing, and unlisted shares held by foreign shareholders). On 14 November 2019, the CSRC promulgated the *Guidelines for Application of "Full Circulation" of Domestic Unlisted Shares of H-share Companies* (the **"Full Circulation Business Guidelines**"), which was amended on 10 August 2023.

Pursuant to the Full Circulation Business Guidelines, on the premise of complying with relevant laws and regulations as well as policy requirements such as state-owned assets administration, foreign investment, and industry regulation, shareholders of domestic unlisted shares may independently negotiate and determine the number and proportion of shares to apply for circulation, and entrust the H-share company to submit a "full circulation" application.

On 31 December 2019, China Securities Depository and Clearing Corporation Limited (the **"CSDC**") and the Shenzhen Stock Exchange jointly issued the *Implementation Rules for H-share "Full Circulation" Business* (the **"Implementation Rules**"). The Implementation Rules apply to cross-border registration transfer, custody and maintenance of holding details, transaction entrustment and instruction transmission, settlement, settlement participant management, nominee services, etc. involved in H-share "full circulation" business.

In order to fully launch the H-share "full circulation" reform and clarify the business arrangements and handling procedures for relevant share registration, custody, clearing, and settlement, the CSDC promulgated the *Notice on the Issuance* in February 2020, listing matters concerning business preparation, account arrangements, cross-border share registration transfer, and overseas centralized custody. In February 2020, China Securities Depository and Clearing (Hong Kong) Company Limited (the **"CSDC (Hong Kong)**") also promulgated the *Guide to H-share "Full Circulation" Business of China Securities Depository and Clearing (Hong Kong) Company Limited* to clarify business preparation, account arrangements, cross-border share registration transfer, overseas centralized custody, and other relevant matters.

Pursuant to the *Guide to H-share "Full Circulation" Business*, H-share listed companies will be authorized by participating shareholders to designate only a domestic securities company (the **"Domestic Securities Company**") to participate in converted H-share transactions. Pursuant to the *Guide to H-share "Full Circulation" Business*, upon completion of transactions, settlements shall be conducted respectively between the Hong Kong securities company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and participating shareholders.

OVERVIEW OF THE LAWS AND REGULATIONS IN VIETNAM

Business operation and Licensing

The investment activities of organizations established under foreign law in Vietnam must comply with the provisions of the Law on Investment 2020. Foreign Investors must obtain an Investment Registration Certificate (IRC) and an Enterprise Registration Certificate (ERC) prior to commencing operations.

Implement the project in accordance with the objectives, scale, schedule, and other contents stipulated in the Investment Registration Certificate; comply with the commitments made in the application dossier for issuance/adjustment of the Investment Registration Certificate and with the provisions of Vietnamese law on investment, planning, construction, land, environment, labor, and other relevant regulations throughout the project implementation; fully discharge financial obligations to the State as required. Investment and business activities in conditional sectors may only be carried out when all requirements under Vietnamese law are fully satisfied.

Any sub-projects leasing factory premises from the Project for production and business must have objectives consistent with the approved investment attraction sectors of Industrial Park, and may only be implemented after completing all legal procedures on investment, environment, and other relevant matters (if any) in accordance with current Vietnamese law, including environmental approvals under the Law on Environmental Protection 2020 and construction permits under the Law on Construction 2014 (as amended).

Taxation

Enterprises are subject to:

- Corporate Income Tax (CIT) at 20%, with preferential rates available for projects in encouraged sectors or locations;
- Value-Added Tax (VAT) at 10% or 8%, with exemptions or reduced rates for certain goods;
- Import/Export duties depending on product classification.

Tax incentives may apply in industrial zones, but companies must self-assess eligibility and file with tax authorities. Compliance with transfer pricing regulations and annual tax audits is critical.

Foreign Exchange

Pursuant to Circular 06/2019/TT-NHNN dated June 26, 2019 on guiding the foreign exchange management for the foreign direct investment in Vietnam, all capital contributions and profit remittances must be conducted via licensed banks in foreign currency accounts. The State Bank of Vietnam regulates foreign loans and capital transfers. Enterprises must report foreign exchange transactions and comply with anti-money laundering requirements.

Employment & Labor

The Labor Code 2019 requires written contracts, adherence to minimum wage, working hours, and social insurance contributions. Foreign employees must obtain work permits unless exempt. Employers must conduct regular health checks, provide safety training, and comply with occupational safety standards under the Law on Occupational Safety and Hygiene 2015. Collective bargaining and trade union rights must also be respected.

Land, Real Estate, and Construction Regulations

Pursuant to Land Law 2024, foreigners cannot own land in Vietnam. They can only acquire land use rights (LURs), which grant them the right to use land for a specific period and purpose. The duration and conditions of LURs depend on the type of project and the location. Foreign investors can lease land in Industrial Zones and Export Processing Zones for manufacturing and export-oriented projects. Enterprise must obtain necessary permits for construction projects.

Import & Export Controls

Vietnam applies customs duties, VAT, and excise taxes on imports. Exporters must comply with trade regulations, including product standards and labeling. Certain raw materials or chemicals may require special licenses. Customs clearance is managed electronically via the Vietnam Automated Cargo And Port Consolidated System ("**VNACCS**")/Vietnam Customs Intelligence Information System ("**VCIS**") system, and enterprises must comply with rules of origin for preferential tariffs under free trade agreements.

Product Liability & Consumer Protection

The Law on Protection of Consumer Rights 2010 imposes obligations on manufacturers and distributors to ensure product safety, provide accurate information, and honor warranties. Defective products may trigger liability claims, recalls, or administrative sanctions. Enterprises must establish complaint handling mechanisms and comply with advertising standards. Product quality standards are enforced by the Ministry of Science and Technology.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED STATES

Overview

A significant portion of our products are sold to customers in the United States. Businesses operating in the United States are subject to a variety of federal, state, and local laws and regulations. The laws and regulations expected to be material to our operations relate to import tariffs and trade measures, customs and import procedures, product safety, formaldehyde emission standards, and product liability, each of which is described below.

Import Tariffs and Trade Measures

According to Section 301 of the Trade Act of 1974, the Office of the United States Trade Representative ("**USTR**") has the authority to take trade remedy measures, including imposing additional tariffs, against certain trade practices. Since 2018, the United States has imposed additional tariffs on various categories of goods originating in China under Section 301. Certain laminate flooring products manufactured by our Group in the PRC and sold to the United States, based on their Harmonized Tariff Schedule of the United States ("**HTSUS**") classification, have been subject to such additional tariffs. As at the Latest Practicable Date, the existing Section 301 tariffs applicable to our PRC-manufactured products remained in effect. Our Group will continue to monitor changes in U.S. tariff policies and make corresponding adjustments to its production, supply chain and pricing arrangements where necessary.

In addition, under Title VII of the Tariff Act of 1930, anti-dumping and/or countervailing duty orders may be issued against imports sold at less than fair value or benefiting from foreign subsidies if such imports cause material injury to the relevant U.S. industry. Although certain wood flooring products from the PRC are subject to existing anti-dumping and countervailing duty orders, such orders do not currently apply to the laminate flooring products manufactured by our Group. Furthermore, according to Section 337 of the Tariff Act of 1930, the U.S. International Trade Commission ("ITC") may investigate imported products involving unfair methods of competition, including intellectual property infringement, and issue exclusion orders where applicable. As at the Latest Practicable Date, our Group was not subject to any specific anti-dumping or countervailing duty order, nor any effective Section 337 investigation or exclusion order with respect to our products.

Customs and Import Procedures

United States customs regulations administered by the U.S. Customs and Border Protection ("**CBP**") apply to products entering the United States. Under Title 19 of the Code of Federal Regulations, importers are generally required to comply with applicable requirements relating to the entry, classification, valuation, admissibility and marking of imported merchandise. In particular, 19 CFR Part 134 requires articles of foreign origin, or their containers where applicable, to be marked with the country of origin in English so as to inform the ultimate purchaser in the United States. CBP also enforces import admissibility requirements, including those under the Uyghur Forced Labor Prevention Act ("**UFLPA**"), which establishes a rebuttable presumption that certain goods connected with the Xinjiang Uyghur Autonomous Region of China or designated entities are prohibited from entry into the

United States. As a laminate flooring manufacturer sourcing raw materials including HDF boards and décor papers, our Group may be required to maintain supply chain traceability documentation and provide relevant information to CBP where necessary.

Product Safety, Consumer Protection and Product Liability

The Consumer Product Safety Act ("**CPSA**") and the Consumer Product Safety Improvement Act of 2008 ("**CPSIA**"), administered by the U.S. Consumer Product Safety Commission ("**CPSC**"), impose product safety, reporting and certification requirements on manufacturers and importers of consumer products. Laminate flooring products sold in the United States may also be subject to chemical exposure, formaldehyde emission and related consumer warning requirements, including under California Proposition 65, formally known as the Safe Drinking Water and Toxic Enforcement Act of 1986, Title VI of the Toxic Substances Control Act ("**TSCA Title VI**") and the Composite Wood Products Air Toxic Control Measures adopted by the California Air Resources Board ("**CARB**"). Product liability claims in the United States are primarily governed by state law and may be based on strict liability, negligence or breach of warranty. As at the Latest Practicable Date, our Group had not been subject to any regulatory enforcement action in respect of formaldehyde emission compliance, material product liability claim or product recall campaign in the United States.

Taxation

The United States operates a multi-layered tax system encompassing federal corporate income tax, state and local corporate income taxes, and state sales and use taxes, which vary significantly from state to state. Sales and use taxes are a significant aspect of state taxation. Whether the Group is required to collect and remit sales tax in a given state depends on whether it has established sufficient "nexus" in that state, which under modern economic nexus standards in many states may arise from sales volume or transaction counts alone, without physical presence.

Labor and Employment

Our Group's employment arrangements in the United States may be subject to state-specific labor and employment requirements. In Texas, employment law generally follows federal minimum standards on matters such as minimum wage and overtime, with no state personal income tax withholding requirement, and private employers may opt out of the state workers' compensation system subject to applicable requirements. In Illinois, employers are subject to more extensive state-level requirements, including higher minimum wage standards, mandatory workers' compensation, state income tax withholding, paid leave, anti-discrimination and sexual harassment training, pay transparency and restrictions on non-compete covenants.

In addition, a corporation incorporated in one U.S. state may be required to register as a foreign corporation if it is considered to be doing business in another state. Failure to register where required may result in fines or other consequences. Our Group will continue to monitor its U.S. business activities and make relevant filings where necessary.