LAWS AND REGULATIONS APPLICABLE TO OUR BUSINESS IN THE PRC

Regulations on the Integrated Circuit Industry

From 2010 to 2021, the State Council has issued a series of regulations aimed at promoting the development of the integrated circuit industry, which includes the Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries (《國務院關於加快培育和發展戰略性新興產業的決定》), the Notice of the State Council on Promulgation of Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (《國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知》), the Outline for Advancing the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), Made in China (2025) (《中國製造(2025)》), the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》).

On January 25, 2017, the NDRC promulgated Strategic Emerging Industries Key Products and Services Guidance Catalog (《戰略性新興產業重點產品和服務指導目錄》), which includes integrated circuit chip design and services as a key product and service in the strategic emerging industries.

On March 11, 2021, the NPC approved the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Long-Range Objectives for 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》), which clarifies that the PRC should foster advanced manufacturing clusters and promote the innovation and development of industries such as integrated circuits, aerospace equipment, high-tech ships and ocean engineering equipment, robots, advanced railway equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, medicine and medical equipment.

Regulations Relating to 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 came into effect on July 1, 1994, and was last amended on December 29, 2023 and became effect on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited 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 and simultaneously replaced the trio of prior laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations. The FIL 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 of the PRC (the "**MOFCOM**") and the State Administration for Market Regulation (the "**SAMR**") jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect 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 be issued by, amended or released upon approval by the State Council, from time to time. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. 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 Version) (《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 NDRC and the MOFCOM on September 6, 2024 and became effective on November 1, 2024 and the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Encouraging Catalog**"), which was promulgated by the NDRC and the MOFCOM on December 15, 2025 and became effective on February 1, 2026, listed the categories of encouraged, 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. According to the Negative List and the Encouraging Catalog, as of the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special management measures.

Regulations Relating to Customs Declaration

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 effective from July 1, 1987, and last amended 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.

According to 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》) issued by the General Administration of Customs of the PRC (the "**GACC**") on 19 November 2021 and effective from 1 January 2022, the consignees or consignors of imported and exported goods and the customs clearing enterprise that apply for the filing of records with the customs shall obtain the status of a market entity; where the consignees or consignors of imported and exported goods apply for the filing of records with the customs, the filing of foreign trade dealers shall also be completed. According to the Announcement on Fully Including the Filing of Customs Declaration Entities in the Reform of "Integrating Multiple Certificates into One" (《關於報關單位備案全面納入"多證合一"改革的公告》) jointly issued by the GACC and the SAMR on 20 December 2021 and effective from 1 January 2022, where an applicant intends to be filed as a customs declaration entity when undergoing the registration formalities as a market entity with the market regulation authorities, it shall tick the box of filing as a customs declaration entity as required and fill in the relevant information for filing. The market regulation authorities will then complete the registration pursuant to procedures of "Integrating Multiple Certificates into One" and share the relevant information with the GACC on the SAMR level. Such applicants are no longer required to submit applications for filing as a customs declaration entity to the customs.

In addition, the Decision of the SCNPC on revising the Foreign Trade Law of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國對外貿易法》的決定) issued by the SCNPC on 30 December 2022 deleted the requirements on the foreign trade dealers engaged in the import and export of goods or technologies to be registered with the competent administrative departments of foreign trade of the State Council or any institutions authorized thereby, namely the filing of foreign trade dealers.

Regulations on Product Quality

As per the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) enacted by the SCNPC on February 22, 1993, and most recently amended and implemented on December 29, 2018, 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 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 latest amended on August 26, 2019 and took effect 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 Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect 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.

PRC Laws and Regulations on Intellectual Property Rights

Patent

The Patent Law of the People's Republic of China (《中華人民共和國專利法》) was enacted by the SCNPC on March 12, 1984, implemented on April 1, 1985, and most recently revised on October 17, 2020, with implementation from June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) were issued by the State Council on June 15, 2001, implemented on July 1, 2001, and most recently revised on December 11, 2023, with implementation from 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 People's Republic of China (《中華人民共和國商標法》) was promulgated by the SCNPC on August 23, 1982, implemented on March 1, 1983, and most recently revised on April 23, 2019, with implementation from November 1, 2019. The Regulations for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) were issued by the State Council on August 3, 2002, implemented on September 15, 2002, and most recently revised on April 29, 2014, with implementation from May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from 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, starting from the day following the expiration of the last validity period. Trademark registrants may authorize others to use their registered trademarks by signing trademark licensing agreements.

Layout-Designs of Integrated Circuits

The Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》) were issued by the State Council on April 2, 2001, and implemented on October 1, 2001. According to these regulations, natural persons, legal persons or other organizations in China who create layout-designs have exclusive rights to their designs. Foreign persons whose layout-designs are first commercially exploited within the territory of China are also entitled to exclusive rights to their designs. The protection term for the exclusive right of a layout-design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

Domain Name

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were issued by the Ministry of Industry & Information Technology (the "MIIT") on August 24, 2017, and implemented 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.

Computers 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 came into effect on the same day, 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 PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《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 temporary employees and dismissal of employees.

The Labor Law of the People's Republic of China (《中華人民共和國勞動法》) was promulgated by the SCNPC on July 5, 1994, implemented on January 1, 1995, and most recently revised and implemented on December 29, 2018. The Labor Law of the People's Republic of China 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 People's Republic of China (《中華人民共和國勞動合同法》) was issued by the SCNPC on June 29, 2007, implemented on January 1, 2008, and most recently revised on December 28, 2012, with the revision taking effect on July 1, 2013. The Implementation Regulation of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) were issued and implemented by the State Council on September 18, 2008. 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**") issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related 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 most recently amended on March 24, 2019 and effective from 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.

Pursuant 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)》) issued on July 31, 2025, implemented on September 1, 2025, where an employer and a worker agree or a worker undertakes to an employer that there is no need to pay social insurance premiums, the people's court shall determine that such an agreement or undertaking is void. If the employer fails to pay social insurance premiums in accordance with the law, and the worker files a claim for rescission of the labor contract and payment of economic compensation by the employer in accordance with Article 38(3) of the Labor Contract Law, the people's court shall support such a claim in accordance with the law.

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 on 3 April 1999 and last revised on 24 March 2019, employers in Mainland China shall provide their employees with welfare schemes covering housing provident fund. Employers who fail to contribute to the housing provident funds may be subject to a fine and ordered to make full payment within a prescribed time period. 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 Relating to 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 implemented 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.

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 implemented 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 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 SAFE on July 13, 2009 and implemented 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, implemented on June 1, 2015 and was partially repealed on December 30, 2019, stipulates that, 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 Relating to Overseas Offering and Listing

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 came into effect 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. Subject to specific circumstances, the Overseas Listing Trial Measures require that, among other things, (i) initial public offerings or listings on overseas markets shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas. 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.

The Overseas Listing Trial Measures also set forth the issuer's reporting obligations in the event of occurrence of material events after the Overseas Offering and Listing. If the overseas offering and listing has been deemed as indirect Overseas Offering and Listing by PRC domestic enterprises, the issuer shall make a detailed report to the CSRC within 3 working days after the occurrence and public announcement of the relevant event: (i) change in controlling rights; (ii) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (iii) changing listing status or changing the listing board; or (iv) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its Overseas Offering and Listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within 3 working days after the occurrence of the relevant change to provide an explanation of the relevant situation. According to the Overseas Listing Trial Measures, the PRC domestic enterprises engaging in Overseas Offering and Listing activities shall strictly comply with the PRC laws, administrative regulations, and relevant provisions on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors. The PRC domestic enterprise that conducts Overseas Offering and Listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, shall not divulge any state secret or the work secrets of state authorities, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provisions of personal information and important data.

In addition, the Overseas Listing Trial Measures also provide 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.

On February 24, 2023, the CSRC together with Ministry of Finance, National Administration of State Secrets Protection and National Archives Administration of China have promulgated 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》), according to which, 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. If domestic enterprises provide or publicly disclose to relevant securities companies, securities service institutions, overseas regulatory agencies and other parties, or provide or publicly disclose documents and materials involving state secrets or state organ work secrets through the issuer, they shall report the matters to the competent authorities for examination and approval, and file them with the department for the administration and management of state secrets at the same level for the record.

Fund Management for Overseas Listing of Domestic Enterprises

The PBOC and the SAFE promulgated the Notice on Issues Concerning the Management of Funds for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》, hereinafter referred to as "Circular 252") on December 24, 2025, which was implemented on April 1, 2026. According to Circular 252, a joint stock limited company registered in the territory that directly issues securities overseas or issues overseas depository receipts ("Overseas Listing") upon filing with the CSRC shall, within 30 working days from the first trading day of its Overseas Listing or upon completion of the over-allotment, take relevant materials to the competent bank at its place of registration to apply for Overseas Listing registration; funds raised from Overseas Listing shall, in principle, be repatriated to the territory in a timely manner. If the funds raised by a domestic enterprise from Overseas Listing are repatriated in foreign currency, they shall be remitted to the capital account — settlement account for deposit and use, and can be settled at its discretion; if repatriated in RMB, they can be remitted to the capital account — settlement account or domestic RMB bank settlement account for deposit and use; the use of funds raised from Overseas Listing shall be consistent with the relevant contents listed in publicly disclosed documents such as the document or corporate bond offering circular, shareholders' circular, resolutions of the board of directors or shareholders' general meeting.

H-share Full Circulation

"Full circulation" means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) (the "**Guidelines for the Full Circulation**"), which was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》).

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. After the application for full circulation has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with CSDCC of the shares related to the application has been completed.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited (the "CSDCC") and the Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股"全流通"業務實施細則》) (the "**Measures for Implementation**"). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

In June, 2025, the Shenzhen Branch of CSDCC issued the Guidelines to the Program for "Full Circulation" of H-shares of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》), which came into effect on June 30, 2025, are applicable to the business preparation, cross-border share transfer registration and overseas centralized custody, the initial maintenance of details of domestic shareholding and the maintenance of its changes, corporate actions, clearing, settlement and risk management measures. On September 20, 2024, China Securities Depository and Clearing (Hong Kong) Company Limited issued the H-Share Full Circulation Business Guide of China Securities Depository and Clearing (Hong Kong) Limited (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》), which is applicable to businesses such as share custody and depository, agent service, arrangement for settlement and delivery, and risk management measures.

Regulations Relating to Cybersecurity, Data Security and Personal Information Protection

Cybersecurity

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and effective as of June 1, 2017, lastly amended on October 28, 2025 and took effect on January 1, 2026, when carrying out business operation and service activities, network operators shall abide by laws and administrative regulations, fulfill the obligation of cybersecurity protection. Furthermore, to construct and operate a network, or to provide services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cybersecurity events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality and availability of network data.

Data Security

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021 and effective as of September 1, 2021, PRC established a data classification and hierarchical protection system to formulate catalogs of important data, and strengthen the protection of important data. In accordance with the provisions of laws and regulations, whoever carries out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security and strengthen risk monitoring. Disposal measures shall be taken immediately upon occurrence of a data security incident, users shall be timely notified in accordance with the relevant provisions and reports shall be made to the relevant competent authority. Processors of important data shall specify the person responsible for data security and the management body, and implement the responsibility of data security protection; carry out risk assessment on their data processing activities on a regular basis and submit a risk assessment report to the relevant competent authority. Relevant authorities will establish the measures for the cross-border transfer of important data. If any company violates the Data Security Law of People's Republic of China and other applicable measures to provide important data outside China, such company may be punished by administration sanctions, including penalties, fines, and/or may suspension of relevant business or revocation of the business license.

According to the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021 and effective as of September 1, 2021, the definition and the identification procedure of the critical information infrastructure. Critical information infrastructure refers to the important network facilities and information systems in important industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense science, technology and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy and the people's livelihood and public interests. For the important industries and fields mentioned in Article 2 thereof, the competent authorities and supervisory authorities are the authorities responsible for the security protection of critical information infrastructure. Operators of critical information infrastructure shall take technical protection measures and other necessary measures based on the graded protection for cybersecurity, respond to cybersecurity incidents, prevent cyber attacks and illegal and criminal activities, guarantee the safe and stable operation of critical information infrastructure, and maintain the integrity, confidentiality and availability of data. Meanwhile, critical information infrastructure operators shall pass the security review in accordance with the national cybersecurity provisions, if the purchase of networking products or services may affect national security.

Personal Information Protection

According to the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "**PIPL**") promulgated by the SCNPC on August 20, 2021 and effective on November 1, 2021, it integrates the scattered rules with respect to personal information rights and privacy protection. The PIPL is enacted to protect the rights and interests of personal information, regulate the handling of personal information and promote the reasonable use of personal information. Personal information, as defined in the PIPL, refers to all kinds of information related to identified or identifiable natural persons recorded by electronic or other means, excluding the information handled anonymously. The PIPL provides the conditions under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation.

According to the Regulation on Network Data Security Management (《網絡數據安全管理條例》) promulgated by the State Council on September 24, 2024 and effective as of January 1, 2025, where network data handlers carry out network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant national regulations.

Cybersecurity Review

According to the Cybersecurity Review Measures (《網絡安全審查辦法》) promulgated on December 28, 2021 by the Cyberspace Administration of China, NDRC, the MIIT and other ten PRC regulatory authorities, effective as of February 15, 2022, it requires that (i) the purchase of network products and services by critical information infrastructure operator which affects or may affect national security; (ii) the data processing activities carries out online platform operators, which affects or may affect national security; (iii) an online platform operator who possesses the personal information of more than 1 million users goes for public abroad shall declare to the Office of Cybersecurity Review for cybersecurity review.

LAWS AND REGULATIONS APPLICABLE TO OUR BUSINESS IN JAPAN

Regulations on Foreign Investment

The Foreign Exchange and Foreign Trade Act (外国為替及び外国貿易法) (Act No. 228 of 1949, as amended) governs foreign investments and foreign trade in Japan. While foreign transactions, including investments in Japan, may generally be conducted freely in Japan, certain direct investments in Japanese companies require foreign investors to submit a prior notification to the Minister of Finance and other competent authorities via the Bank of Japan before proceeding with the investment. Generally speaking, such prior notification must be filed within six months preceding the relevant investment. A foreign investor is also required to wait for a period of 30 days from the date on which the prior notification is received by the Bank of Japan before proceeding with the investment. However, this waiting period may be shortened if the investment is not related to a matter of Japanese national security. During this waiting period, the Japanese government may propose changes to the details of, or recommend the cancellation of, the investment upon its review of the notification. Where a foreign investor has made a prior notification, it is also required to file a completion report with the Bank of Japan within 45 days from the completion of the investment.

Acquisition of shares is the most typical form of foreign direct investment that may be subject to the Foreign Exchange and Foreign Trade Act. However, certain other shareholder activities may also be considered foreign direct investments requiring a foreign investor to submit a separate prior notification to the Bank of Japan. These shareholder activities include (i) consent to a substantial change in the business of the company in which a foreign investor holds shares, (ii) voting for the appointment of related parties as directors or corporate auditors of the company, (iii) establishing branches, factories or representative offices by a foreign investor residing outside Japan or incorporated outside Japan, (iv) making long-term loans to a Japanese company and (v) business succession by a foreign investor from a Japanese company as a result of a merger.

The prior notification would, subject to certain exceptions, be required to be made by a foreign investor prior to their contemplated investment if the target company (including its Japanese subsidiaries and joint ventures with 50% or more of the voting rights) is engaged in certain sectors and industries designated as important for national security and public welfare by the Japanese government which include weapons, aircraft, nuclear facilities, space, dual-use technologies, cybersecurity and so forth, (the "**Designated Business Sectors**").

(a) the stake that the foreign investor intends to acquire in the target company; and

(b) whether the target company is privately held or listed on a Japanese stock exchange.

A foreign investor making investment in a company not engaged in a Designated Business Sector is generally obligated to file a post-investment report with the Bank of Japan within 45 days from the completion of the investment.

Regulations on Foreign Exchange

Foreign exchange transactions in Japan are governed by the Foreign Exchange and Foreign Trade Act, which also regulates the flow of foreign currencies into and out of Japan. Under this Act, certain transactions involving the remittance of foreign currencies, loans, and investments across borders are subject to reporting and notification requirements, particularly when the transaction value exceeds certain thresholds. For example, a remittance from Japan to overseas and the receipt of funds from overseas exceeding JPY30 million must be reported to the Bank of Japan except for certain foreign remittances such as payment for goods.

Regulations Relating to Privacy Protection

The Act on the Protection of Personal Information (個人情報の保護に関する法律) (Act No. 57 of 2003, as amended) forms the principal legislative framework for personal data protection in Japan, providing comprehensive guidelines for the appropriate handling of personal data and establishing the roles and responsibilities of national and local governments in implementing effective data protection policies.

Under the Act on the Protection of Personal Information, "personal information" is defined as data relating to a living individual that can identify the individual directly or indirectly. Any entities engaged in the handling of personal information, referred to as "businesses handling personal information" under the Act, are required to specify the intended purposes of use and ensure compliance with those purposes. The Act imposes strict restrictions on the transfer of personal data to third parties, including transfers within corporate groups. Such transfers typically require the explicit consent of the data subject, except where specific statutory exemptions apply. For cross-border transfers (other than transfers to the European Union and the United Kingdom), businesses must either obtain the data subject's consent for the transfer of personal data to a recipient in the foreign country or ensure that the recipient country maintains a level of protection equivalent to that required under the Act, as assessed by the Personal Information Protection Commission.

Regulations on Intellectual Property Rights

Copyright and Software Products

The Copyright Act (著作権法) (Act No. 48 of 1970, as amended) establishes the rights of authors and neighboring rights for works, performances, phonograms, broadcasts, and cablecasts, while ensuring the protection of these rights and promoting the fair use of such cultural products to contribute to cultural development. In Japan, copyright holders enjoy exclusive rights, including the right to reproduce, distribute, and publicly communicate their works. Software products and digital content disseminated through the internet also fall under the same copyright framework.

Trademarks

Trademarks in Japan are protected under the Trademark Act (商標法) (Act No. 127 of 1959, as amended).

A trademark in Japan may be registered by filing an application with the Japan Patent Office, specifying the goods or services for which the trademark will be used. Upon registration, the trademark is protected for ten years and may be renewed indefinitely for successive ten-year periods with payment of the applicable fees. Japan follows a "first-to-file" system, where trademark rights are granted to the first applicant. Applications that are identical or similar to an existing registered trademark or an application under review for similar goods or services may be rejected. In addition, trademarks that conflict with pre-existing rights or have gained significant recognition through use cannot be registered.

Patent

The Patent Act (特許法) (Act No. 121 of 1959, as amended) was enacted to encourage inventions by promoting the protection and utilization of inventions, thereby contributing to industrial development. A patent right in Japan becomes effective upon registration with the Japan Patent Office and remains valid for 20 years from the filing date of the application. In case of infringement, the patent holder may seek legal remedies, including injunctions and damages.

Regulations Related to Labor and Social Security

Labor Relations

Labor relations in Japan are primarily governed by the Labor Standards Act (労働基準法) (Act No. 49 of 1947, as amended), which stipulates the minimum standards for working conditions, including wages, working hours, and safety regulations. It also requires employers to execute written labor contracts with employees, specifying key terms of employment, such as wages, working hours, and conditions for termination. Under the Labor Standards Act, the working hours of employees, in principle, cannot exceed statutory working hours (being 40 hours per week or eight hours per day, excluding breaks), unless a labor management agreement regarding overtime and holiday work (commonly referred to as a "36 Agreement") has been concluded and submitted to the relevant Labor Standards Inspection Office.

In addition to the Labor Standards Act, the Labor Contracts Act (労働契約法) (Act No. 128 of 2007, as amended) supplements the Labor Standards Act by defining the rights and obligations of employers and employees under labor contracts.

Social Insurance

Japan has a comprehensive social insurance system covering several mandatory schemes.

The Health Insurance Act (健康保険法) (Act No. 70 of 1922, as amended) provides insurance benefits for sickness, injury or death other than employment injuries of a worker or a dependent thereof.

The Employees' Pension Insurance Act (厚生年金保険法) (Act No. 115 of 1954, as amended) provides insurance benefits for workers' old-age, disability and death.

Under the Industrial Accident Compensation Insurance Act (労働者災害補償保険法) (Act No. 50 of 1947, as amended), employers are required to insure their employees against work-related injuries or illnesses, providing compensation and benefits in case of accidents or occupational hazards in the course of their duties or while commuting to or from work.

In addition, the Employment Insurance Act (雇用保険法) (Act No. 116 of 1974, as amended) provides necessary benefits for workers who are unemployed, facing difficulties continuing employment, or receiving job-related educational training, and facilitates their job-seeking activities. This Act requires employers to contribute to a fund that provides financial assistance to employees who lose their jobs.

Employers are responsible for making regular contributions to these social insurance schemes, and failure to do so may result in penalties.

Regulations on Tax

Corporate Tax

The Corporation Tax Act (法人税法) (Act No. 34 of 1965) governs the taxation of corporate income in Japan.

In Japan, corporations are subject to taxation on income derived from their business operations. The corporate tax rate is progressive and varies depending on the size and income of the corporation. The standard tax rate for ordinary corporations is 23.2%, and a reduced tax rate (15% or 19%, depending on the amount of sales in previous years) applies to small businesses for the portion of their annual taxable income up to JPY8 million.

Enterprise Tax

Enterprise tax in Japan is a local tax levied on corporations based on their business income. The calculation method varies depending on the size of the corporation.

Consumption Tax

The Consumption Tax Act (消費税法) (Act No. 108 of 1988, as amended) governs the imposition and administration of consumption tax in Japan, which is a value-added tax imposed on the sale of goods and the provision of services in Japan. This Act sets out the rules for the taxation of goods and services, including the rates, exemptions, and the procedures for tax collection and remittance. The general consumption tax rate is 10%, with a reduced rate of 8% applicable to certain items, including food and beverages (excluding alcoholic drinks and food consumed in restaurants), as well as eligible newspaper subscriptions.

Dividend Withholding Tax

In Japan, the payment of dividends by corporations is governed by the Companies Act (会社法) (Act No. 86 of 2005, as amended), which regulates the declaration and distribution of dividends. In addition, Japanese income tax is levied on the payment of dividends by way of withholding tax under the Income Tax Act.

The standard withholding tax rate on dividends paid by private Japanese corporations to non-resident shareholders is 20.42%. However, this rate may be reduced or exempted pursuant to the provisions of an applicable tax treaty between Japan and the shareholder's country of residence. For instance, under the tax treaty between Japan and Hong Kong, the withholding tax rate may be reduced to 5% for qualifying shareholders who are tax residents of Hong Kong. Non-resident shareholders wishing to benefit from a reduced withholding tax rate must submit a tax treaty application to the Japanese tax authorities. The withholding tax is generally withheld at source by the Japanese subsidiary distributing the dividends.

Regulations on Corporation

Stock Companies in Japan

The operations of companies in Japan, including mergers and acquisitions are primarily governed by the Companies Act. The Companies Act provides the legal framework for corporate governance, including rules on mergers and acquisitions and share transfers.

Among the various forms of companies under the Companies Act, stock companies (*Kabushiki Kaisha*) are the most commonly used.

The shares of stock companies may be transferred upon agreement between the transferor and transferee. The approval at a meeting of the shareholders or the board of directors is required for the transfer if so stipulated in the articles of incorporation of the stock company.

If the company does not approve the transfer, it must either purchase the shares itself or designate a preferable transferee to complete the purchase.

LAWS AND REGULATIONS APPLICABLE TO OUR BUSINESS IN HONG KONG

Regulations on Import and Export

Import and Export Ordinance

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

The import and export of certain articles are prohibited unless with the relevant licences under sections 6C and 6D which are issued under section 3 of the Import and Export Ordinance. Pursuant to section 6C of the Import and Export Ordinance, no person shall import any article specified in schedule 1 to the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong) except under and in accordance with an import licence issued by the Director-General of Trade and Industry under section 3 of the Import and Export Ordinance. Section 6D of the Import and Export Ordinance provides that no person shall export any article specified in the second column of schedule 2 to the Import and Export (General) Regulations to the place specified opposite thereto in the third column of the schedule except under and in accordance with an export licence issued by the Director-General of Trade and Industry under section 3 of the Import and Export Ordinance. Any person who contravenes sections 6C or 6D of the Import and Export Ordinance shall be guilty of an offence and liable to a fine of HK$500,000 and to imprisonment for two years on summary conviction, or a fine of HK$2,000,000 and to imprisonment for seven years on conviction on indictment.

These provisions regulate the importation and exportation of articles including the pharmaceutical products, medicines and proprietary Chinese medicines and must be covered by a proper import or export licence.

Import and Export (Registration) Regulations

Regulation 3 of the Import and Export (Registration) Regulations ("**Import and Export Regulations**") (Chapter 60E of the Laws of Hong Kong) sets out exemptions in respect of regulations 4 and 5.

Pursuant to regulation 4 of the Import and Export Regulations, every person, including company, who imports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete import declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation of the article to which it relates.

Regulation 5 of the Import and Export Regulations requires that every person who exports or re-exports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the exportation of the article to which it relates.

Any person fails or neglects to do such declaration as required under regulations 4 and 5 of the Import and Export Regulations within 14 days after the importation or exportation (as the case may be) of the article to which it relates without any reasonable excuse shall be liable to (i) a fine of HK$1,000 upon summary conviction; and (ii) commencing from the date of conviction, a fine of HK$100 in respect of everyday during which his failure or neglect to lodge such declaration in that manners continues. Further, any person who knowingly or recklessly lodges any declaration with the Commissioner of Customs and Excise that is inaccurate in any material particular shall be liable on summary conviction to a fine of HK$10,000.

LAWS AND REGULATIONS CONCERNING INTERNATIONAL TRADE

Sanctions Laws and Regulations

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and and the self-proclaimed Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime by regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

U.S. Export Controls

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us. The United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "**Entity List**"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met.

In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the "**Commerce Control List**"). The Commerce Control List is primarily based on multilateral export control lists, such as the Wassenaar Arrangement's List of Dual-Use Goods and Technologies and Munitions List, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number.