POLICIES RELATING TO CIVIL SERVICE OF BEIDOU SYSTEM

The National People's Congress (the "**NPC**") promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC (《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》) on March 11, 2021, proposing to promote and deepen the application of the BeiDou Navigation Satellite System and facilitate its high-quality industrial development, make breakthroughs in technologies such as the integration of communication and navigation, establish innovative platforms for the Beidou application industry, carry out exemplary demonstrations in industries such as communication, finance, energy and civil aviation, and promote the market-oriented large-scale application of Beidou in consumer fields such as car navigation, smartphones, and wearable devices.

On November 1, 2021, the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") promulgated the Information and Communication Industry Development Plan for the 14th Five-Year Plan Period (《「十四五」信息通信行業發展規劃》), proposing to facilitate the large-scale application of the BeiDou Satellite Navigation System in the field of information and communication, and promote its application in aviation, navigation, public safety and emergency response, transportation and energy and other fields. China government will accelerate the promotion of BeiDou applications, establish a BeiDou network-assisted public service platform, promote the application of BeiDou in mobile communication networks, the Internet of Things, the Internet of Vehicles, and emergency communication, and expand the scale of the application market.

On January 17, 2022, the MIIT issued Several Opinions of the Ministry of Industry and Information Technology on the Promotion and Application of the BeiDou Navigation Satellite System in the Mass Consumer Sector (《工業和信息化部關於大眾消費領域北斗推廣應用的若干意見》), proposing to expand the Beidou positioning services for smart terminals and vehicle terminals, and enable the orderly management of bike-sharing market.

On December 31, 2024, the MIIT, together with the Ministry of Public Security, the Ministry of Emergency Management and other departments promulgated the latest revised Safety Technical Specifications for Electric Bicycles (《電動自行車安全技術規範》), requiring electric bicycles to be equipped with a Beidou positioning module to improve product information technology and safety risk prevention capabilities.

According to the Implementation Opinions on Conducting the Certification of BeiDou Basic Products (《關於開展北斗基礎產品認證工作的實施意見》) promulgated by the State Administration for Market Regulation on August 23, 2021, the State Administration for Market Regulation will organize and implement the certification of BeiDou basic products to further enhance the quality of BeiDou basic products such as chips, modules, antennas and PCB boards. BeiDou basic products are subject to a unified certification catalog, certification standards and certification marks. Manufacturers of BeiDou basic products may voluntarily apply for certification from designated certification institutions.

On April 3, 2025, the National Development and Reform Commission of PRC (the "**NDRC**") issued the Regulations of the People's Republic of China on Satellite Navigation (Draft for Public Comment) (《中華人民共和國衛星導航條例(公開徵求意見稿)》) ("**Satellite Navigation Regulations**"), which has not yet taken effect. The Satellite Navigation Regulations provides that, among others, (1) BeiDou System is the satellite navigation system constructed and operated by the state, constituting critical national space infrastructure; (2) BeiDou System provides positioning, navigation, and timing services to global users free of charge; (3) products sold within PRC that are capable of receiving and utilizing satellite navigation signals shall possess the capability to receive and utilize BeiDou System signals, unless otherwise specified by laws or administrative regulations.

REGULATIONS RELATING TO INTEGRATED CIRCUIT INDUSTRY

On July 27, 2020, the State Council promulgated the Several Policies on 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》). In order to further optimize the development environment of integrated circuit and software industries, deepen international industrial cooperation, and enhance the industrial innovation capability and development quality, China government issued a series of supporting policies on fiscal and taxation, investment and financing, research and development, import and export, talents, intellectual property rights, market application and international cooperation.

On March 11, 2021, the NPC promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC (《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》), proposing to foster advanced manufacturing clusters and promote the innovation and development of industries such as integrated circuits and aerospace equipment, with focus on high-end chips, operating systems, key artificial intelligence algorithms, sensors and other key fields. China government will gather pace in making breakthroughs in the research and development of basic theories, basic algorithms and equipment materials and promoting their iterative application.

On December 12, 2021, the State Council issued the Plan for Development of the Digital Economy During the 14th Five-Year Period (《「十四五」數字經濟發展規劃的通知》), proposing that during the "14th Five-Year Plan" period, the promotion of digital industrialization should be accelerated to make up for key technical shortcomings. China government will focus on breakthroughs in key core technologies in the fields of high-end chips, operating systems, industrial software, core algorithms and frameworks, and strengthen the integrated research and development of general-purpose processors, cloud computing systems and key software technologies. In addition, the competitiveness of key links in the industrial chain should be enhanced, and the supply chain systems of key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and industrial Internet should be improved.

On February 1, 2024, the National Development and Reform Commission promulgated the Catalog for Guiding Industry Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》), classifying the three categories of industries, namely encouraged, restricted and eliminated. In particular, satellite navigation chips are included in the category of encouraged industries.

REGULATIONS RELATING TO FOREIGN INVESTMENT

On December 29, 1993, the Standing Committee of the National People's Congress (the "**SCNPC**") promulgated the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was latest amended on December 29, 2023 and took effect on July 1, 2024. The Company Law regulates the establishment, operation and management of corporate entities in China, and classifies companies into limited liability companies and limited companies by shares. The revisions mainly involve refining the systems for the establishment and withdrawal of companies, optimizing the organizational structure of companies, improving the capital system of companies, strengthening the responsibilities of controlling shareholders and management, and strengthening the social responsibilities of companies.

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》), and the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》), which are promulgated and amended from time to time by the Ministry of Commerce (the "**MOFCOM**") and the NDRC, as well as the Foreign Investment Law of PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") and its implementation rules and ancillary regulations.

In March 2019, the Foreign Investment Law was promulgated by the NPC and took effect on January 1, 2020. The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment to ensure investment protection and fair competition. According to the Foreign Investment Law, foreign investment is subject to pre-entry national treatment and negative list administration system. Pre-entry national treatment means the treatment accorded to foreign investors and their investments no less favorable than that accorded to domestic investors and their investments at the stage of investment access. Negative list means a special administrative measure as to the access of foreign investment in specific fields imposed by China. China government accords national treatment to foreign investment outside of the negative list. The Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations**") was promulgated by State Council in

December 2019 and took effect on January 1, 2020, which further clarified that China government encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates the administration of foreign investment, continuously optimize foreign investment environment, and advances a higher-level opening up.

On October 26, 2022, the National Development and Reform Commission and the Ministry of Commerce promulgated the Catalog of Encouraged Industries for Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "**2022 Encouraged Catalog**"), pursuant to which industries including integrated circuit design, manufacturing of equipment for integrated circuit packaging and testing, and manufacturing of new types of electronic components are listed as encouraged industries for foreign investment.

On September 6, 2024, the National Development and Reform Commission and the Ministry of Commerce jointly promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**"), which outlines 29 industries prohibited or restricted for foreign investment. According to the Foreign Investment Law and the 2024 Negative List, foreign investors are not allowed to invest in prohibited industries specified in the Negative List, while foreign investments in restricted industries are subject to certain conditions under the Negative List. Industries not included in the Negative List are generally deemed as "permitted" industries for foreign investment. As of the Latest Practicable Date, our business operations did not fall within the scope of the 2024 Negative List.

REGULATIONS RELATING TO PRODUCT QUALITY AND IMPORT AND EXPORT TRADE

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018, the seller assumes responsibility for the repair, replacement or return of sold products under the following circumstances: (1) the product lacks the essential properties for its intended use without prior clear indication; (2) the product does not meet the standards stated on the product or its packaging; or (3) the product does not match the quality displayed in the product description or physical sample or other forms. In cases where a consumer incurs any losses due to the purchased product, the seller is obligated to compensate for such losses. According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020, and taking effect on January 1, 2021, manufacturers and sellers shall bear liability for physical injuries or property losses resulting from product defects. The affected party is entitled to seek compensation from either the manufacturer or the commercial seller.

According to the Customs Law of the PRC (《中華人民共和國海關法》) (the "**Customs Law**"), which was reviewed and adopted by the SCNPC on January 22, 1987 and last amended on April 29, 2021, and took effect on the same date, the PRC Customs are China's entry and exit supervision and administration authority. According to the Customs Law and other relevant laws and administrative regulations, the customs are responsible for the supervision of transport vehicles, goods, freight items, postal items and other items entering into and departing from the PRC, and collecting tariff and other duties and charges. Unless otherwise specified, the declaration of imported and exported goods and the payment of customs duties may be handled by the consignees or consignors of such imported or exported goods or entrusted customs declaration entities. In addition, according to the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC (the "**General Administration of Customs**") on November 19, 2021 and taking effect on January 1, 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration entities who shall file a record with the customs. The consignees and consignors of import and export goods and customs declaration entities who apply for recordation shall obtain the qualification of market entities. In particular, if the consignees and consignors of import and export goods apply for recordation, they shall also obtain the recordation of the foreign trade operators. However, according to the Foreign Trade Law of the PRC amended on December 30, 2022, the relevant recordation requirements for the foreign trade operators have been deleted. The recordation of the customs declaration entities is perpetually valid.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, foreign trade operators are not required to file a registration. The PRC government allows the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations. Where a foreign trade operator fails to do so, the customs shall not accept the declaration and clearance of the goods imported or exported by such operator.

REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Regulation of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the "**Regulation on Foreign Exchange Administration**") promulgated by the State Council on January 29, 1996, last amended on August 5, 2008 and taking effect on the same date, the foreign exchange receipts and payments and foreign exchange business operations of Chinese entities and individuals, and the foreign exchange receipts and payments and foreign exchange business operations conducted within the territory of the PRC by overseas entities and individuals shall comply with the Regulation on Foreign Exchange Administration. An overseas entity or individual that makes direct investments in the PRC shall complete the registration procedures with a foreign exchange authority upon the approval of the competent authority. A domestic entity or individual that makes direct investment or issues or trades negotiable securities or derivatives overseas shall complete the registration procedures with a foreign exchange authority of the State Council. If a prior approval or filing of a competent authority is required by relevant national regulations, such approval or filing process shall be completed before handling the foreign exchange registration procedures.

According to the Notice of the State Administration of Foreign Exchange 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》) (the "**SAFE Circular 13**") promulgated by the SAFE on February 13, 2015 and taking effect on June 1, 2015, the administrative review and approval procedures for the foreign exchange registration approval relating to domestic direct investment and the foreign exchange registration approval relating to overseas direct investment (the "**Foreign Exchange Registration Relating to Direct Investment**") were abolished, and the Foreign Exchange Registration Relating to Direct Investment is directly reviewed and handled by banks. Furthermore, the procedures for certain Foreign Exchange Registration Relating to Direct Investment are simplified under the SAFE Circular 13, including: (1) the registration procedure for confirmation of the capital contribution of foreign investors under domestic direct investment is simplified. The registration for confirmation of the non-cash capital contribution of foreign investors under domestic direct investment and the registration for confirmation of the capital contribution made by foreign investors in connection with the acquisition of PRC-based equity interests were abolished; (2) the foreign exchange filing of overseas reinvestment was abolished; (3) the annual inspection on foreign exchange of direct investment was abolished and replaced by the registration of inventory interests.

REGULATIONS RELATING TO REAL ESTATE LEASING

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which took effect on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing procedures within 30 days from the execution of the property lease contract with the construction or real estate authorities of the municipality, city or county where the leased property is located. If failing to do so, it may be ordered to rectify within a specified period, and if failing to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed for each lease agreement.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by SCNPC on August 23, 1982, latest amended on April 23, 2019 and taking effect on November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》)

promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and taking effect on May 1, 2014, registered trademarks are granted a validity of ten years which may be renewed for additional ten years upon request by the trademark holder. Violations that constitute an infringement of the proprietary right of a registered trademark include but are not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to cease the infringement act immediately and may be imposed a fine.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC and latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons or other organizations are entitled to copyrights of their works (whether published or not), including, among others, works of literature, art, natural science, social science, engineering technology and computer software. The copyright holders of protected works are entitled to personal and property rights with respect to its publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, filming, adaptation, translation, compilation and other rights entitled to copyright holders.

According to the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on February 20, 2002 and latest amended on June 18, 2004, the National Copyright Administration is primarily responsible for the registration and management of software copyrights in China, and designates the China Copyright Protection Center as the software registration authority. The China Copyright Protection Center shall issue registration certificates to computer software copyright applicants according to relevant regulations.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC, latest amended in October 2020 and taking effect on June 1, 2021, and its Implementation Rules, patent is divided into three categories, namely invention patent, design patent and utility model patent. The validity of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years respectively, which are all calculated from the date of application. The PRC patent system adopts the "first to file" principle. As such, if two or more applicants file separate patent applications for the same invention, the person who applies first will be granted the patent. Use of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Design of Integrated Circuit Layouts

On April 2, 2001 the State Council promulgated the Regulations on the Protection of Integrated Circuit Layout Designs (《集成電路布圖設計保護條例》(the "**Protection Regulations**"). The proprietary rights to the layout design arise upon registration with the intellectual property administration authority of the State Council, and layout designs that have not been registered are not protected by the Protection Regulations. The protection period for the proprietary rights 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 the Protection Regulations 15 years after its creation, regardless of registration or commercial use.

Domain Names

The Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT in 2017 adopts the "first to file" rule when allocating domain names to applicants, and provides that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of such domain name.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Employment

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

The Labor Contract Law, which took effect on January 1, 2008 and latest amended on December 28, 2012, primarily aims at regulating the rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. According to the Labor Contract Law, labor contracts shall be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work overtime and shall pay employees for overtime work according to national regulations. In addition, employee wages shall not be lower than local standards on minimum wages and shall be paid to employees in a timely manner.

Social Insurance

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") promulgated by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems covering basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and provides 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, latest amended on March 24, 2019 and taking effect on the same date, enterprises shall register social insurance with local social insurance authority, and pay or withhold relevant social insurance contributions for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify such non-compliance and pay the required contributions within a specified period together with late fees. If the employer still fails to rectify such failure and make the relevant contributions within a specified period, it may be subject to a fine ranging from one to three times the amount overdue.

According to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**Judicial Interpretation (II)**") enacted by the Supreme People's Court on July 31, 2025 and implemented on September 1, 2025, where an employer and an employee enter into a written or verbal agreement that social insurance premiums need not be paid by both parties, the people's court shall not support this arrangement and shall determine that the agreement is invalid. Accordingly, when an employer fails to pay social insurance premiums for the employee, upon the employee's termination of the employment contract, the employer shall make up the unpaid social insurance premiums and pay economic compensation to the employee in accordance with the provisions of the Labor Law.

According to the confirmation of our Directors, during the Track Record Period and as of the Latest Practicable Date, (i) we had not signed any written document that stipulate exemption from social insurance contributions with any employee; (ii) there has been no dispute between us and our employees arising from the payment of social insurance contributions; (iii) no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions. Based on the relevant legal provisions and the aforementioned confirmations, our PRC Legal Advisors are of the view that the Judicial Interpretation (II) would not have a material adverse effect on our compliance with applicable labor laws in this regard.

Housing Provident Fund

According to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019 respectively, enterprises shall register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. In case of any overdue payment or underpayment, the housing fund management center may order to pay within a specified period. Where employers fail to make payment within such specified period, it may apply to the people's court for enforcement. In case of any failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to complete relevant procedures within a specified period. Where employers fail to complete such procedures within such specified time, a fine ranging from RMB10,000 to RMB50,000 may be imposed.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the SCNPC and latest amended on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council and latest amended in December 2024 (collectively, the Enterprise Income Tax Law), a unified 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualified small low-profit enterprises. The high-tech enterprises under the full support of the PRC's government will enjoy a reduced enterprise income tax rate of 15%.

Transfer Pricing

According to the Enterprise Income Tax Law of the PRC and its Implementation Regulations, as well as the Tax Collection and Administration Law of the PRC (《中華人民共和國稅收徵收管理法》) that was revised by the SCNPC on April 24, 2015 and became effective on the same day, and the Implementing Regulations of the Tax Collection and Administration Law of the PRC (《中華人民共和國稅收徵收管理法實施細則》) that was revised by the State Council on February 6, 2016 and became effective on the same day, for business transactions between affiliated enterprises, the receipt or payment of prices and fees shall follow the arm's length principle. Where the receipt or payment of prices and fees does not follow the arm's length principle and results in a reduction of taxable income, the tax authorities shall have the right to make reasonable adjustments.

Based on the Announcement of the State Taxation Administration on Matters Relating to the Improvement of the Administration of Related-Party Transaction Reporting and Contemporaneous Documentation (《國家稅務總局關於完善關聯申報和同期數據管理有關事項的公告》) promulgated and became effective on June 29, 2016, enterprises which have related-party transactions and meet corresponding conditions shall prepare their contemporaneous documentation (同期資料) per tax year and submit to the tax authority if required. Contemporaneous documentation includes master file (主體文檔), local file (本地文檔) and special issue file (特殊事項文檔).

According to the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Agreement Procedures (《特別納稅調查調整及相互協商程序管理辦法》) that was issued on March 17, 2017 and became effective on May 1, 2017 and was revised on June 15, 2018 by the State Taxation Administration, an enterprise may adjust and pay taxes at its own discretion when it receives a special tax adjustment risk warning or identifies its own special tax adjustment risks, while the tax authorities may also carry out special tax investigation and adjustment in accordance with the relevant provisions in regard to enterprises that adjust and pay taxes at their own discretion. The Administrative Measures reinforces the transfer pricing administration on intercompany intangibles and services transactions, and provides certain methods and principles for investigations and adjustments.

Value-added Tax

Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which was promulgated by the SCNPC on December 25, 2024 and came into effect on January 1, 2026, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

REGULATIONS ON CYBERSECURITY AND DATA PROTECTION

The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**") promulgated on November 7, 2016 and becoming effective on June 1, 2017, is applied to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall not collect the personal information irrelevant to the services provided, or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

The Data Security Law of PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") promulgated on June 10, 2021 and becoming effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding the establishment of basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency response system. In addition, the Data Security Law clarifies the data security protection obligations of organizations and individuals carrying out data activities and implements data security protection responsibilities.

The Cybersecurity Review Measures (《網絡安全審查辦法》) jointly revised and promulgated by the Cyberspace Administration of China (the "**CAC**") and other twelve PRC regulatory authorities on December 28, 2021, became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (1) critical information infrastructure operators that purchase network products and services or network platform operators that engage in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (2) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (3) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the enterprise's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which became effective on September 1, 2022. The Security Assessment Measures provides four circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer. These circumstances include: (1) where important data is transferred to an overseas recipient; (2) where personal information is transferred to an overseas recipient by a critical information infrastructure operator or a data processor who has processed personal information of more than one million people; (3) where a data processor provides personal information to an overseas recipient if such data processor has already provided overseas the personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total since January 1 of the preceding year; or (4) other circumstances under which security assessment of outbound data transfer is required as prescribed by the national cyberspace administration.

The Cyber Data Security Regulations (《網絡數據安全管理條例》) promulgated by the State Council on September 24, 2024, which became effective on January 1, 2025, stipulate that 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. The regulations clarify that data not identified or publicly disclosed as important data by relevant regions or departments need not undergo cross-border security assessments for important data.

During the Track Record Period and as of the Latest Practicable Date, our Company had complied with relevant laws and regulations in the PRC relating to cybersecurity and data protection in material aspects.

REGULATIONS RELATING TO SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law of the PRC (《中華人民共和國證券法》) (the "**Securities Law**"), which was promulgated by the SCNPC on December 29, 1998 and latest amended on December 28, 2019, and took effect on March 1, 2020, comprehensively regulates securities market activities in the PRC, including issuance and trading of securities, takeovers by listed companies, securities exchanges and securities companies, and the duties and responsibilities of securities regulatory authorities. The Securities Law further provides that a domestic enterprise issuing securities overseas or listing their securities overseas, directly or indirectly, shall comply with the relevant provisions of the State Council. For any subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be separately stipulated by the State Council. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to the law, maintain the market order, and ensure the lawful market operation. Currently, the issuance and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC promulgated several regulations regarding the administration of filings for overseas issuances and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") together with five supporting guidelines (together with the Overseas Listing Trial Measures, the "**New Regulations for Filing-based Administration of Overseas Listing**"). Under the Overseas Listing Regulations, domestic companies that seek to issue and list securities in overseas markets, either directly or indirectly, are required to file the required documents with the CSRC within three working days after the submission of application documents for overseas listing.

The new Overseas Listing Regulations provides that no overseas issuance and listing shall be made under any of the following circumstances: (1) such listing and financing is explicitly prohibited by provisions in laws, administrative regulations and relevant national rules; (2) the overseas securities issuance and listing may endanger national security as reviewed and determined by competent authorities under the State Council according to the law; (3) the domestic company or its controlling shareholders or actual controller has committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to the law and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equities held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder or actual controller. Overseas issuance and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules relating to national security in spheres of foreign investment, cybersecurity and data security, and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《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》) (the "**Confidentiality Provisions**"). According to the Confidentiality Provisions, where a domestic enterprise provides or publicly discloses any document or data that involves national secrets and working secrets of national agencies to the relevant securities companies, securities service agencies, overseas regulatory authorities and other entities and individuals, it shall report to the competent authority with the review and approval authority for approval according to the law, and submit to the secrecy administration authority of the same level for filing.

REGULATIONS RELATING TO THE H-SHARE FULL CIRCULATION

"Full circulation" refers to the listing and circulation of unlisted domestic shares of H-share listed companies on the Stock Exchange, including unlisted domestic shares held by domestic shareholders prior to overseas listing, additional unlisted domestic shares issued after overseas listing and unlisted shares held by holders of foreign shares.

On November 14, 2019, the CSRC promulgated 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 "**Full Circulation Guidelines**"), which was amended on August 10, 2023. According to the Full Circulation Guidelines, subject to the requirements of relevant laws and regulations and policies relating to state-owned asset administration, foreign investment and industry regulation, the shareholders of unlisted domestic shares may discretionally determine through consultations the amount and proportion of shares for which an application will apply for circulation, and entrust the corresponding H-share listed company to register such application for full circulation.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited (the "**CSDC**") and the Shenzhen Stock Exchange jointly promulgated the Detailed Rules for the Implementation of H-share "Full Circulation" Program (《H股「全流通」業務實施細則》) (the "**Implementation Rules**"). The relevant businesses including cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, and services of nominal holders in relation to the H-share full circulation program are subject to the Implementation Rules.

CSDC Shenzhen Branch promulgated the Business Guide of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the "Full Circulation" of H-shares (《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》) on September 20, 2024, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody. According to the Business Guide, H-share listed companies shall be authorized by Participating Shareholders to designate a sole domestic securities company that has established a cooperative relationship with a Hong Kong securities company (the "**Domestic Securities Company**") to participate in the transaction of converted H shares. Upon the completion of the transaction, settlements between each of 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 the Participating Shareholders, will all be conducted separately.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN HONG KONG

Our Group sells GNSS chips, modules and related solutions and comprehensive chip and module products to customers in Hong Kong. The sale activities of our Group in Hong Kong is subject to the general laws governing sale of goods in Hong Kong.

Laws and Regulations Relating to Sale of Goods

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) aims to codify the laws relating to the sale of goods which shall be applicable to the Group's business activities. It provides that where a seller sells goods in the course of a business, there is an implied condition that (i) where the goods are purchased by description, the goods must correspond with the description; (ii) the goods supplied are of merchantable quality; and (iii) the goods must be fit for the purpose for which they are purchased. Otherwise, a buyer has the right to reject defective goods unless he or she has a reasonable opportunity to examine the goods.

Any right, duty or liability which arises under a contract of sale of goods by implication of law may be negatived or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract, subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong).

Laws and Regulations Relating to Import and Export

As our Group is involved in import and export of chips, modules and electronic components in Hong Kong, we are subject to the Import and Export (Registration) Regulations (《進出口(登記)規例》) (Chapter 60E of the Laws of Hong Kong) (the "**IERR**"), which imposes duties on importers and exporters to complete declaration with the Customs and Excise Department.

Under Section 6C of the Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "**IEO**"), no person shall import any article prescribed in Schedule 1 of the Import and Export (General) Regulations (《進出口(一般)規例》) (Chapter 60A of the Laws of Hong Kong) (the "**IEGR**") except under and in accordance with an import license. Under Section 6D of the IEO, no person shall export any article specified in the second column of Schedule 2 of the IEGR except under and in accordance with an export license issued by the Director-General of Trade and Industry. Such import and export licenses are issued under Section 3 of the IEO. As the chips and products which our Group import to and export from Hong Kong are not articles specified in these provisions, we are not required to obtain such import or export license.

Under Section 6A of the IEO, no person shall import to or export from Hong Kong any article prescribed in Schedule 1 to the Import and Export (Strategic Commodities) Regulations (《進出口(戰略物品)規例》) (Chapter 60G of the Laws of Hong Kong) (the "**IESCR**") except under and in accordance with an import or export license issued by the Director-General of Trade and Industry. Any person who contravenes this section commits an offence and is liable on summary conviction to a fine of HK$500,000 and to imprisonment for 2 years, and on conviction on indictment to an unlimited fine and to imprisonment for 7 years. As the chips and module products which our Group import to and export from Hong Kong are not articles specified in Schedule 1 to IESCR, we are not required to obtain such import or export license.

Under Regulations 4 and 5 of the IERR, any person who imports or exports any article other than an exempted article shall lodge an accurate and complete import or export declaration relating to such article using services provided by a specified body with the Commissioner of Customs and Excise (the "**Commissioner**") within 14 days of such import or export. Any person who is required to lodge an import or export declaration but fails to do so without reasonable excuse shall be liable on summary conviction to a fine of HK$2,000, and, commencing on the day following the date of conviction, to a fine of HK$100 in respect of every day the declaration is still not lodged.

Laws and Regulations Relating to Reception of Satellite Signals from GNSS

Under Hong Kong law, if the reception of satellite signals from different GNSS requires the possession or use of any apparatus for radiocommunications or any apparatus of any kind that generates and emits radio waves, it is subject to the licensing requirements under the Telecommunications Ordinance (Chapter 106 of the laws of Hong Kong).

Since the products of our Group do not generate or emit radio waves, our Group is not subject to the above licensing requirements.

Laws and Regulations Relating to Transfer Pricing

As our Group's subsidiaries in the Chinese Mainland and Hong Kong have engaged in intra-group transactions, we are subject to the laws and regulations on transfer pricing in Hong Kong. For details of our transfer pricing arrangement, please see "Business — Intra-Group Transactions."

Section 20A of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (《稅務條例》) gives the Inland Revenue Department of Hong Kong (the "**IRD**") a wide range of powers to collect tax due from non-residents. The IRD may also make transfer pricing adjustments by disallowing expenses incurred by Hong Kong residents under sections 16(1) and 17(1)(b) of the IRO and may also make additional assessments under section 60 of the IRO. The IRD may also challenge the entire arrangement under general anti-avoidance provisions according to sections 61 and 61A of the IRO.

The Inland Revenue (Amendment) (No. 6) Ordinance 2018 (《2018年稅務(修訂)(第6號)條例》) (the "**Amendment Ordinance**") codifies the transfer pricing principles in relation to how the pricing for the supply of goods and services between associated parties should be determined and implemented, including, amongst others, the arm's length principle for provision between associated persons, the separate enterprises principle for attributing income or loss of non-Hong Kong resident person, and the three-tier transfer pricing documentation relating to the master file, local file and country-by-country reporting.

Pursuant to the Amendment Ordinance, a person who has a Hong Kong tax advantage if taxed on the basis of a non-arm's length provision ("**Advantaged Person**") will have income adjusted upwards or loss adjusted downwards. Section 50AAF of the IRO stipulates that the Advantaged Person's income or loss is to be computed as if arm's length provision had been made or imposed instead of the actual provision. If the Advantaged Person fails to prove to the satisfaction of the assessor of the IRD that the person's income or loss as stated in the person's tax return is the arm's length amount, the assessor of the IRD must estimate an amount as the arm's length amount and, taking into account the estimated amount (a) make an assessment or additional assessment on the person; or (b) issue a computation of loss, or revise a computation of loss resulting in a smaller amount of computed loss, in respect of that person.

The Amendment Ordinance introduces a mandatory "three-tiered" transfer pricing documentation requirement in Hong Kong consisting of (a) Master File; (b) Local File; and (c) Country-by-country Report. The Amendment Ordinance provides two types of exemptions to entities that engage in transactions with associated enterprises from preparing Master File and Local File. In terms of size-based business exemption thresholds, a Hong Kong taxpayer meeting any two of the following three size-based business exemption thresholds for an accounting period is exempted from preparing the Master File and Local File for that accounting period: (a) total annual revenue not exceeding HK$400 million; (b) total value of assets not exceeding HK$300 million; or (c) average number of employees not exceeding 100. In terms of volume-based related party transactions exemption thresholds, the threshold per accounting period are as follows: (i) for transfer of property (whether movable or immovable but excluding financial assets and intangible assets): HK$220 million (ii) for transfer of financial assets: HK$110 million; (iii) for transfer of intangibles: HK$110 million; and (iv) for any other transactions: HK$44 million. Our Group did not meet the threshold for preparing transfer pricing documentation in Hong Kong.

LAWS AND REGULATIONS IN RELATION TO REVIEW OF OUTBOUND INVESTMENT BY U.S. PERSONS

On August 9, 2023, the President of the United States issued Executive Order No. 14105 (the "**Outbound Order**"), which directs the Secretary of the Treasury to implement a program aimed at prohibiting or requiring notification for certain types of outbound investments by U.S. persons in certain entities located in or subject to the jurisdiction of countries of concern, including the Chinese Mainland, Hong Kong Special Administrative Region, and Macau Special Administrative Region. This directive specifically targets investments in entities involved in the development and production of designated categories of advanced technologies and products, such as semiconductors, microelectronics, quantum computing, and artificial intelligence. On October 28, 2024, the Treasury Department issued the "Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern" (the "**Final Rule**") implementing the Outbound Order with an effective date of January 2, 2025.

Under the Final Rule, U.S. persons are subject to notification requirements or prohibitions if they engage in "covered transactions" involving "covered foreign persons". "Covered transactions" include a U.S. person's direct or indirect acquisition of an equity interest or contingent equity interest in a person that the U.S. person is aware, at the time of acquisition, is a "covered foreign person".

"Covered foreign persons" are defined as entities with a principal place of business in, or that are headquartered in, incorporated, or otherwise organized under the laws of the People's Republic of China, including Hong Kong and Macau, that engage in "covered activities." In the semiconductor sector, Chinese companies involved in the design of integrated circuits are considered as "covered foreign persons".