LAWS AND REGULATIONS

We are required to comply with various laws, rules and regulations of the PRC and other relevant jurisdictions in multiple respects. This section summarizes the key Chinese and overseas laws, rules and regulations relevant to us.

POLICIES ON THE SEMICONDUCTOR INDUSTRY

The Outline for Promoting the Development of the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》) promulgated by the State Council and implemented on 24 June 2014, has elevated the development of the integrated circuit industry to a national strategic level. The Report on the Work of the Government of the State Council for 2018 (《2018年國務院政府工作報告》)and the Report on the Work of the Government of the State Council for 2022 (《2022年國務院政府工作報告》) explicitly set forth the promotion of the development of the integrated circuit industry. Various national ministries and commissions have subsequently issued a number of preferential policies and incentive measures, including the Several Policies for Promoting the High-Quality Development of the 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》) and the Announcement on Corporate Income Tax Policies for the High-Quality Development of the Integrated Circuit and Software Industries (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》), with a view to vigorously facilitating the optimization and upgrading of the semiconductor industry.

The Guiding Catalogue for the First Batch of Application Demonstration of Key New Materials (2024 Edition) (《重點新材料首批次應用示範指導目錄(2024年版)》) promulgated by the Ministry of Industry and Information Technology and implemented on 18 December 2023, classifies photoresists for integrated circuits such as KrF and ArF photoresists, along with their key raw materials and supporting reagents, as advanced semiconductor materials and new display materials.

Pursuant to the Notice on the Formulation of the List of Integrated Circuit Enterprises or Projects and Software Enterprises Eligible for Tax Preferences for the Year 2025 (《關於做好2025年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作的通知》) promulgated and implemented on 27 March 2025, by five departments, including the National Development and Reform Commission (the "**NDRC**") and the Ministry of Industry and Information Technology (the "**MIIT**"), manufacturers of critical semiconductor materials, such as photoresists, polishing pads and polishing slurries, have been included in the tax preference list. The Notice further refines supporting measures, including additional deductions for research and development expenses and exemptions from import customs duties, thereby further optimizing the policy environment for the semiconductor industry.

LAWS AND REGULATIONS ON ENTERPRISES, FOREIGN INVESTMENT AND OVERSEAS INVESTMENT

Company Law

Pursuant to the Company Law of the PRC (《中華人民共和國公司法》, the "**PRC Company Law**"), as last revised on 29 December 2023 and implemented on 1 July 2024, by the Standing Committee of the National People's Congress (the "**SCNPC**"), all companies incorporated in China are governed by the PRC Company Law. The Company Law regulates the establishment, operation, corporate structure and management of companies in China, as well as the qualifications and obligations of company directors, supervisors, and senior management, and classifies companies into limited liability companies and joint-stock limited companies. The PRC Company Law also applies to foreign-invested enterprises, unless otherwise provided by relevant laws concerning foreign investment.

Laws and Regulations on Foreign Investment

The Foreign Investment Law of the PRC was promulgated by the National People's Congress (the "**NPC**") on 15 March 2019, and implemented on 1 January 2020. On 26 December 2019, the State Council promulgated the Implementing Regulations of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which also effective from 1 January 2020. Pursuant to the Measures for the Reporting Foreign Investment Information(《外商投資信息報告辦法》)promulgated by the Ministry of Commerce of the People's Republic of China (the "**MOFCOM**") and the State Administration for Market Regulation on 30 December 2019 and implemented on 1 January 2020. From 1 January 2020, foreign investors or foreign-invested enterprises that directly or indirectly conduct investment activities in China shall submit initial reports, change reports, and annual reports, etc., to the competent commerce authorities in accordance with these Measures.

Investment activities of foreign investors and foreign-invested enterprises in China must comply with the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》, the "**Negative List 2024 Edition**"), promulgated by the NDRC and the MOFCOM on 6 September 2024, and effective from 1 November 2024, and the Catalogue of Industries Encouraging Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》, the "**Encouraged Catalogue 2025 Edition**"), promulgated by the NDRC and the MOFCOM on 15 December 2025, and effective from 1 February 2026. According to the Negative List and the Encouraged Catalogue, foreign investment projects are divided into encouraged, restricted, and prohibited categories. Foreign investment projects not listed in the Negative List are permitted foreign investment projects.

Laws and Regulations on Overseas Investment

Pursuant to the Regulations on Foreign Exchange Administration of Domestic Institutions' Direct Overseas Investment (《境內機構境外直接投資外匯管理規定》) promulgated by the State Administration of Foreign Exchange (the "**SAFE**") on 13 July 2009, and effective from 1 August 2009, Chinese Mainland enterprises shall apply for foreign exchange registration for their direct overseas investments after obtaining the relevant investment approval.

According to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), last revised by the MOFCOM on 6 September 2014, and effective 6 October 2014, the MOFCOM and provincial-level commerce departments are responsible for the management and supervision of overseas investment. For overseas investments involving sensitive countries and regions or sensitive industries, approval administration applies; for other overseas investments, filing administration applies.

According to the Measures for the Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on 26 December 2017, and effective from 1 March 2018, domestic investment enterprises must comply with the approval or filing procedures of the competent authorities when making overseas investments. Enterprises investing in overseas enterprises that use their operating profits or self-raised funds from overseas to conduct overseas reinvestment shall report relevant information to the commerce authorities after completing the necessary legal procedures overseas.

LAWS AND REGULATIONS ON CUSTOMS

According to the Customs Law of the PRC (《中華人民共和國海關法》, the "**Customs Law**"), promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on 22 January 1987, and last revised and implemented on 29 April 2021, China Customs is the state supervisory and control authority for the entry and exit of the territory. Customs shall, in accordance with the Customs Law and other relevant laws and administrative regulations, supervise and control means of transportation, goods, luggage articles, postal items, and other articles entering or exiting the territory, collect Customs duties and other taxes and fees, suppress smuggling, and compile Customs statistics as well as handle other Customs matters. Imported goods shall be subject to Customs supervision and control from the time of entering the territory until the completion of Customs formalities; exported goods shall be subject to Customs supervision and control from the time of declaration to Customs until departure from the territory; transit, transshipment, and through goods shall be subject to Customs supervision and control from the time of entering the territory until departure from the territory. Unless otherwise provided, the Customs declaration of import and export goods may be conducted by the consignee or consignor or by a Customs broker entrusted by them. The consignee of import goods and the consignor of export goods shall make accurate declarations to the Customs and submit the import or export license and relevant documentation to Customs for examination.

Pursuant to the Provisions of the PRC on the Administration of Filing of Customs Declarants 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 "**GAC**") on 19 November 2021, and implemented on 1 January 2022, consignees and consignors of import and export goods, as well as customs brokers engaged in Customs declaration business, shall undergo filing procedures with the relevant Customs administrative departments.

Pursuant to the Administrative Measures for the Credit Management of Enterprises Registered and Filed with the Customs of the PRC (《中華人民共和國海關註冊登記和備案企業信用管理辦法》) promulgated by **the GAC** on 13 January 2026, and implemented on 1 April 2026, the Customs of the PRC implements credit management for enterprises registered and filed with the customs, collects credit information, and makes such information public.

In accordance with the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), promulgated by the SCNPC on 12 May 1994, and last revised on 27 December 2025, and the Notice of the Department of Enterprise Management and Audit of the General Administration of Customs on Matters Concerning the Filing of Importers and Exporters (《海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) issued by the GAC on 3 January 2023, importers and exporters applying for filing shall have obtained market entity status and are not required to obtain a foreign trade operator filing. According to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》, the "**Import and Export Goods Regulations**"), last revised by the State Council on 10 March 2024, and effective from 1 May 2024, trade activities involving the importation of goods into, or exportation of goods from, the PRC customs territory shall comply with the Import and Export Goods Regulations. Goods whose import or export is prohibited shall not be traded; the import or export of restricted goods shall be subject to license or quota administration; and goods whose import or export is unrestricted shall not be subject to restrictions.

Importers and exporters shall, based on the relevant import or export license or import or export quota license, complete customs declaration, inspection, and release procedures with customs.

LAWS AND REGULATIONS ON FOREIGN CURRENCY EXCHANGE

Pursuant to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) promulgated by the State Council on 29 January 1996, and revised and implemented on 5 August 2008, payments under current account items (referring to transactions involving goods, services, income, and current transfers in the balance of payments) do not require prior approval from the SAFE or registration with the SAFE, but must comply with certain procedural requirements. The handling bank in China must verify whether the balance of payments is based on genuine and legitimate transactions. In contrast, converting RMB into foreign currency and remitting it out of China to pay for capital account items, such as direct investment, repayment of foreign currency loans, round-trip investment, and investment in securities outside of China, requires prior approval or registration from the SAFE or its local branches.

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues Concerning Foreign Exchange Management for Overseas Listings (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued and implemented by the SAFE on 26 December 2014, domestic companies shall complete overseas listing registration with the local foreign exchange bureau within 15 working days from the completion of the overseas listing. Funds raised by domestic companies through overseas listings can be repatriated to China or deposited overseas, and the use of funds shall be consistent with the relevant information listed in publicly disclosed documents such as the document, corporate bond offering documents, shareholder circulars, and board or shareholders' meeting resolutions.

According to the Notice on Issues Concerning the Management of Funds Raised by Domestic Enterprises through Overseas Listings (《關於境內企業境外上市資金管理有關問題的通知》), issued by the People's Bank of China and the SAFE on 24 December 2025, and implemented on 1 April 2026, funds raised by domestic enterprises through overseas listings should, in principle, be repatriated to the domestic market in a timely manner. If funds are retained overseas to conduct overseas direct investment, overseas securities investment, overseas lending, or other such business activities, approval or filing documents from the competent authorities must be obtained prior to the completion of the overseas listing offering or the completion of the over-allotment, and such activities must comply with relevant cross-border capital management regulations.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC on 12 March 1984, and revised on 17 October 2020, and the Implementing Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on 15 June 2001, and revised on 11 December 2023 (collectively referred to as the "**Patent Law**"), patents are divided into three categories: invention patents, utility model patents, and design patents. According to the Patent Law, inventors or designers may apply to the patent regulatory authority for invention patents, utility model patents, or design patents. The right to apply for a patent (patent application) and the registered patent right can be transferred, but such assignment is only valid after registration by the competent patent regulatory authority. The term of an invention patent is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all calculated from the date of patent application. Failure to pay the annual fees as required may result in the termination of the patent.

Trademark Law

According to the Trademark Law of the PRC (the "**Trademark Law**"), revised by the SCNPC on 23 April 2019, and effective from 1 November 2019, the Trademark Office of the State Administration for Industry and Commerce (the "**Trademark Office**") is the regulatory body responsible for the registration and management of trademarks in China. Trademarks that can be registered in China after verification and approval by the Trademark Office include trademarks for goods, service marks, collective marks and certification marks. The trademark registrant enjoys the exclusive right to use the registered trademark. The validity period of a registered trademark is 10 years from the date of approval of registration. If the registrant intends to continue using the registered trademark after the expiry of the validity period, an application for renewal must be submitted within 12 months before the expiry. If the renewal application is approved, the validity period of the trademark can be extended by 10 years. The trademark registrant may authorize other persons to use its registered trademark by entering into a trademark licensing agreement. According to the Trademark Law and related regulations, trademark licensing must be filed with the Trademark Office.

SOFTWARE COPYRIGHT PROTECTION

According to the Copyright Law of the PRC (《中華人民共和國著作權法》, the "**Copyright Law**"), revised by the SCNPC on 11 November 2020, and effective from 1 June 2021, computer software falls within the scope of copyright protection, and the State Council is required to formulate specific protection measures separately.

Pursuant to the Regulations on the Protection of Computer Software《計算機軟件保護條例》, as last revised by the State Council on 30 January 2013 and implemented on 1 March 2013, software copyright arises from the date of completion of software development. The term of protection for software copyright held by legal persons or other organizations is 50 years, ending on 31 December of the 50th year after the first publication of the software. However, if the software is not published within 50 years from the date of completion of its development, the software will no longer be protected by the Regulations on the Protection of Computer Software.

INTERNET DOMAIN NAME

According to the Internet Domain Name Management Measures (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017, and implemented on 1 November 2017, domain name registration is handled through domain name registration service agencies, and follows the principle of "first come, first served." Once the domain name registration is completed, the applicant becomes the domain name holder.

IC LAYOUT DESIGN

Pursuant to the Regulations on the Protection of IC Layout Designs (《集成電路布圖設計保護條例》) promulgated by the State Council on 2 April 2001, and implemented on 1 October 2001, as well as its Implementing Rules, the exclusive right in a layout design shall arise upon registration. Layout designs that have not been registered shall not be protected under these Regulations. The holder of the right in a layout design shall enjoy the following exclusive rights: (i) to reproduce the protected layout design, in its entirety or any original part thereof; and (ii) to commercially exploit the protected layout design, an IC incorporating such layout design, or an article incorporating such an IC. The term of protection for the exclusive right in a layout design shall be 10 years, calculated from the date of filing of the application for registration of the layout design or from the date of its first commercial exploitation anywhere in the world, whichever date is earlier. However, regardless of whether registration or commercial exploitation has occurred, a layout design shall no longer be protected under these Regulations 15 years after the date of its creation.

In addition to the aforementioned laws and regulations, the Outline for Building a Strong Country in Intellectual Property (2021–2035) (《知識產權強國建設綱要(2021–2035年)》), issued and implemented by the Central Committee of the Communist Party of China and the State Council of the PRC on 22 September 2021, is a medium- to long-term plan formulated by China to thoroughly implement the strategy of building a strong country in intellectual property. It aims to comprehensively enhance capabilities in the creation, utilization, protection, management and services related to intellectual property, thereby supporting innovation-driven development and high-level opening up; On 17 April 2026, the Office of the Inter-Ministerial Joint Conference on Building a Strong Country in Intellectual Property issued the 2026 Action Plan for Building a Strong Country in Intellectual Property (《2026年知識產權強國建設推進計劃》), this plan outlines 106 key tasks across seven areas, including improving the intellectual property system, strengthening intellectual property protection, refining the market operation mechanisms for intellectual property, and actively participating in global intellectual property governance.

LAWS AND REGULATIONS ON HAZARDOUS CHEMICALS

Pursuant to the Hazardous Chemicals Safety Law of the PRC (《中華人民共和國危險化學品安全法》), promulgated by the SCNPC on 27 December 2025, and implemented on 1 May 2026, entities engaged in the production, storage, use, operation or transportation of hazardous chemicals shall implement a work safety responsibility system covering all employees. Such entities must also meet the safety conditions prescribed by laws, administrative regulations, national standards industry standards.

Pursuant to the Measures for the Administration of the Registration of Hazardous Chemicals (《危險化學品登記管理辦法》), promulgated by the State Administration of Work Safety of the PRC on 1 July 2012, and implemented on 1 August 2012, enterprises engaged in the production and import of hazardous chemicals shall complete the registration of such chemicals. Pursuant to the Measures for the Administration of Hazardous Chemicals Operating Licenses (《危險化學品經營許可證管理辦法》), promulgated by the State Administration of Work Safety of the PRC on 27 May 2015, and implemented on 1 July 2015, enterprises engaged in the operation of hazardous chemicals shall obtain a hazardous chemicals operating license; no entity or individual shall engage in the operation of hazardous chemicals without obtaining such a license. Pursuant to the Implementation Measures for the Hazardous Chemicals Safe Use Permit (《危險化學品安全使用許可證實施辦法》), promulgated and implemented by the State Administration of Work Safety of the PRC on 6 March 2017, chemical enterprises that use hazardous chemicals in production and meet the quantitative thresholds for hazardous chemical usage shall obtain a hazardous chemicals safe use permit in accordance with the provisions of these Measures.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION AND CONSTRUCTION

Laws and Regulations on Environmental Impact Assessment

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), revised by the SCNPC on 24 April 2014, and implemented on 1 January 2015, governments at all levels shall take effective measures to prevent and control pollution and public nuisances. Pollution prevention and control facilities shall be designed, constructed, and put into operation simultaneously with the main business projects that generate pollution. Pollution prevention and control facilities must meet the requirements of the environmental impact assessment approval documents and shall not be dismantled or left idle without authorization. According to the Environmental Impact Appraisal Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on 28 October 2002, and last revised and implemented on 29 December 2018, environmental impact assessments for construction projects shall be classified according to the degree of environmental impact. According to the Regulations on Environmental Management of Construction Projects (《建設項目環境保護管理條例》) revised by the

State Council on 16 July 2017, and implemented on 1 October 2017, for projects requiring the preparation of an environmental impact report or environmental impact statement, the project developer shall submit the environmental impact report or environmental impact statement to the competent environmental protection administrative department for approval before construction begins.

Laws and Regulations on Pollution Prevention

Pursuant to the Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), last revised by the SCNPC on 27 June 2017 and implemented on 1 January 2018, enterprises that discharge industrial wastewater or medical wastewater directly or indirectly into water bodies shall obtain a pollutant discharge license. Pursuant to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), promulgated by the SCNPC on 5 September 1987, last revised and implemented on 26 October 2018, the ecological and environmental protection departments of people's governments at or above the county level shall conduct unified supervision and management of air pollution prevention and control. Enterprises that emit industrial waste gas shall obtain a pollutant discharge permit and monitor the air pollutants they emit in accordance with relevant national regulations and monitoring standards, and retain original monitoring records.

Laws and Regulations on Pollutant Discharge Permit

Pursuant to the Regulation on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), promulgated by the State Council on 24 January 2021, and implemented on 1 March 2021, enterprises, public institutions, and other producers or operators subject to pollutant discharge permit management as required by law shall apply for pollutant discharge permits. The competent authorities shall implement classified permit management based on the levels of pollutant emissions. The municipal-level competent departments shall issue pollutant discharge permits with a validity period of five years, which may be renewed upon expiry.

Laws and Regulations on Construction Projects

Pursuant to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》, the "**Urban and Rural Planning Law**"), promulgated by the SCNPC on 28 October 2007, and last revised and implemented on 23 April 2019; the Construction Law of the PRC (《中華人民共和國建築法》), promulgated by the SCNPC on 1 November 1997, and last revised and implemented on 23 April 2019; and the Regulations on the Quality Management of Construction Projects (《建設工程質量管理條例》), promulgated by the State Council on 30 January 2000, and last revised and implemented on 23 April 2019, any construction activity carried out within the built-up areas of cities, towns and villages, as well as within areas where planning controls are required for urban and rural construction and development, must comply with the relevant requirements of the Urban and Rural Planning Law. The construction entity must apply to the competent department of urban and rural planning of the local people's government at or above the county level for the land use planning permit and the construction project planning permit. In addition, prior to the commencement of construction, the construction entity shall apply to the competent department of housing and urban-rural development of the people's government at or above the county level in the locality where the project is situated for a construction permit. Upon completion of a construction project, the construction entity shall organize the relevant entities, including the design, construction and project supervision entities, to carry out a completion acceptance inspection.

Laws and Regulations on Work Safety

According to the Law of the PRC on Work Safety (《中華人民共和國安全生產法》) revised by the SCNPC on 10 June 2021 and implemented on 1 September 2021, and the Regulations on Work Safety Licenses (《安全生產許可證條例》) promulgated by the State Council on 13 January 2004, and revised on 29 July 2014, in order to strengthen work safety supervision and management, prevent and reduce work safety accidents, protect the lives and property of the people, and promote the sustained and healthy development of the economy and society, the state has made systematic and principled provisions at the legislative level on work safety guarantees for production and business entities, the work safety rights and obligations of employees, work safety supervision and management, emergency rescue, investigation and handling of work safety accidents, and corresponding legal responsibilities.

Laws and Regulations on Product Quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》, the "**Product Quality Law**"), promulgated by the SCNPC on 22 February 1993, and last revised and implemented on 29 December 2018, producers and sellers in all product manufacturing and sales activities within China are liable for product quality in accordance with the Product Quality Law. If producers and sellers violate any provisions of the Product Quality Law, the relevant authorities shall have the power to impose fines, order suspension of business operations, confiscate any illegally manufactured or sold products and illicit gains, or revoke business licenses; where the circumstances are serious, criminal liability shall be pursued. Consumers or other victims who suffer personal injury or property damage due to product defects may claim compensation from either the seller or the producer. If the liability lies with the producer, the seller, after providing compensation, has the right to seek recourse from the producer, and vice versa.

The Civil Code of the PRC (《中華人民共和國民法典》), promulgated by the NPC on 28 May 2020 and implemented on 1 January 2021, stipulates the liability of producers or sellers for personal injury or property damage caused to the injured party due to product defects in the production, sales and circulation of products.

REGULATIONS ON TAX

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》, the "**Enterprise Income Tax Law**"), promulgated by the SCNPC on 16 March 2007, and last revised and implemented on 29 December 2018, and the Implementation Regulations 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》, the "**Implementation Regulations**"), revised by the State Council on 6 December 2024, and implemented on 20 January 2025, domestic enterprises legally established within China, or those established under foreign (regional) laws but with their actual management institutions located within China, shall be considered resident enterprises.

Resident enterprises shall pay enterprise income tax at a rate of 25% on their income derived from both within and outside China. This preferential enterprise income tax rate applies to any major industry or project supported or encouraged by the state.

According to the Enterprise Income Tax Law and the Administrative Measures for the Recognition of High-tech Enterprises (《高新技術企業認定管理辦法》) jointly promulgated by the Ministry of Science and Technology of the PRC (the "**MOST**"), the Ministry of Finance (the "**MOF**"), and the State Taxation Administration (the "**STA**") on 14 April 2008, and revised on 29 January 2016, high-tech enterprises recognized by relevant government departments are entitled to a preferential enterprise income tax rate of 15% from the year they obtain the high-tech enterprise certificate. The qualification of a high-tech enterprise is valid for three years from the date of issuance of the high-tech enterprise certificate.

Value Added Tax

According to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), promulgated by the SCNPC on 25 December 2024, and implemented on 1 January 2026, and the Detailed Rules for the Implementation of the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), promulgated by the MOF and the STA on 18 December 2008, and revised on 28 October 2011, entities and individuals (including self-employed individuals) that sell goods, services, intangible assets, and real estate within the territory of the PRC, as well as those that import goods, are taxpayers of value-added tax (the "**VAT**") and shall pay VAT. The VAT rate is generally 13% for sales revenue and 6% for services. A zero tax rate shall apply to goods exported by taxpayers, as well as services and intangible assets sold cross-border by domestic entities and individuals within the scope specified by the State Council.

LAWS AND REGULATIONS ON LABOR AND SOCIAL INSURANCE

Labor Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated by the SCNPC on 5 July 1994, and revised and implemented on 29 December 2018, employees enjoy equal employment opportunities, the right to choose their occupation, the right to receive remuneration, the right to rest and leave, the right to occupational safety and health protection, and the right to social insurance and welfare. Employers shall establish and improve occupational safety and health systems, provide employees with occupational safety and health training, comply with national and/or local occupational safety and health regulations, and provide employees with necessary labor protection equipment.

Labor Contract Law

According to the Labor Contract Law of the PRC (中華人民共和國勞動合同法, the "**Labor Contract Law**"), revised by the SCNPC on 28 December 2012, and implemented on 1 July 2013, and the Regulations for the Implementation of the Labor Contract Law (《勞動合同法實施條例》) promulgated by the State Council on 18 September 2008, and implemented on the same day, a labor contract must be signed to establish a labor relationship between the employer and the employee. The employer shall truthfully inform the employee of the job content, working conditions, work location, occupational hazards, safety production conditions, remuneration, and other information requested by the employee. Both the employer and the employee shall fully perform their respective obligations in accordance with the terms of the labor contract. Furthermore, the employer shall pay the employee's remuneration in a timely and full manner in accordance with the terms of the labor contract. Except in cases where the Labor Contract Law explicitly stipulates that no economic compensation is required, the employer shall pay economic compensation to the employee for illegal termination or cancelation of the labor contract.

Social Insurance and Housing Provident Fund

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 on 28 October 2010, and last revised and implemented on 29 December 2018, establishes social insurance systems including basic old-age insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance. It details the legal obligations and responsibilities of employers who fail to comply with relevant social insurance laws and regulations. According to the Social Insurance Law and the Provisional Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》), promulgated by the State Council on 22 January 1999, and last revised and implemented on 24 March 2019, enterprises shall register for social insurance with the local social insurance agency and pay or make contributions to relevant social insurance premiums for their employees. Employers who fail to pay social insurance premiums will be ordered to pay within a specified period, and late payment fees will be added. In serious cases, the directly responsible supervisors and other directly responsible personnel may be fined between RMB1,000 to RMB5,000; in particularly serious cases, the directly responsible supervisors and other directly responsible personnel may be fined between RMB5,000 to RMB10,000.

Pursuant 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 3 April 1999, and revised and implemented on 24 March 2019, employers shall register for housing provident fund contributions with the housing provident fund management center and establish or transfer housing provident fund accounts for their employees for contributing to their housing provident funds. Both employers and employees shall contribute to the housing provident fund on time and in full, with a contribution rate of no less than 5% of the employee's average monthly salary of the previous year. If an employer fails to make contributions or underpays, the housing provident fund management center will order it to make the contributions within a specified period. If the employer still fails to make contributions after the deadline, the center can apply to the People's Court for enforcement.

LAWS AND REGULATIONS ON SECURITY ISSUANCE AND OVERSEAS LISTINGS

Laws and Regulations on Security Issuance

According to the Securities Law of the PRC (《中華人民共和國證券法》, the "**Securities Law**"), revised by the SCNPC on 28 December 2019, and effective 1 March 2020, the securities regulatory authority under the State Council comprehensively supervises the activities of China's securities market, including securities issuance and trading, acquisitions of listed companies, stock exchanges, and securities companies, as well as the responsibilities of securities regulatory agencies. The Securities Law further stipulates that domestic enterprises issuing securities directly or indirectly overseas or listing securities overseas must comply with the relevant regulations of the State Council; specific measures for subscription and trading in foreign currency shall be separately stipulated by the State Council. The China Securities Regulatory Commission (the "**CSRC**") is the securities regulatory authority established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the legitimate operation of the market.

Confidentiality and Archives Management

Pursuant to the Regulations on Strengthening the Confidentiality and Archives Management Related to Overseas Securities Issuance 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 Regulations**"), jointly promulgated by the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration on 24 February 2023, and implemented on 31 March 2023, domestic enterprises providing or publicly disclosing documents and materials involving state secrets or secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory agencies, or individuals, or providing or publicly disclosing such documents and materials through their overseas listing entities, shall obtain approval from the competent department with approval authority and make a filing with the confidentiality administration department at the same level. Domestic enterprises providing accounting archives or copies of accounting archives to relevant securities companies, securities service institutions, overseas regulatory agencies, or individuals shall follow the relevant procedures stipulated by the state. Working papers generated domestically by securities companies and securities service institutions providing securities services related to overseas issuance and listing of domestic enterprises shall be stored in China. If they need to be taken out of the country, approval procedures shall be handled in accordance with relevant state regulations.

Regulations on Overseas Listings

On 17 February 2023, the CSRC issued several regulations concerning the filing management of overseas issuance and listing by domestic companies, including the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines. Pursuant to the aforesaid regulations, Chinese domestic companies that issue and list securities in overseas markets directly or indirectly shall submit the required documents to the CSRC for filing within three working days of submitting their overseas listing application.

U.S. INVESTMENT-RELATED AND TRADE-RELATED REGULATIONS

U.S. Outbound Investment Review Regulations

On October 28, 2024, the U.S. Department of the Treasury (the "**Treasury**") issued the Final Rule on Outbound Investment (the "**Outbound Investment Rule**"), which implements Executive Order 14105, Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern. The Outbound Investment Rule became effective on January 2, 2025. The Outbound Investment Rule aims to mitigate national security risks associated with investments in sensitive technologies such as semiconductors, AI, quantum computing, and supercomputing in identified "countries of concern." Currently, "countries of concern" under the Outbound Investment Rule are limited to the PRC, including Hong Kong and Macau.

Under the Outbound Investment Rule, "U.S. persons" are subject to certain compliance obligations when engaging in certain transactions with "covered foreign persons" from countries of concern (the PRC, including Hong Kong and Macau), which may include a prohibition on the transaction or a notification requirement to the U.S. Government within 30 days of completing the transaction. On December 18, 2025, the U.S. President signed into law the Fiscal Year 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of

2025 ("**COINS Act**"). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was legally enacted and effective on December 18, 2025, it is not self-executing and it does not replace or amend the Outbound Investment Rule immediately. The COINS Act is a U.S. federal statute that provides the statutory basis for further rulemaking. The COINS Act requires the Treasury to, within 450 days from passage, promulgate new or amended regulations (which may then amend or replace the Outbound Investment Rule) to implement the law, and the Outbound Investment Rule will remain in force until those regulations are adopted.

U.S. Export Controls

In general, the BIS controls the export, re-export, and transfer (in-country) of commodities, software and technology (collectively, "**Items**") subject to the *Export Administration Regulations* (the "**EAR**"). Items subject to the EAR include the following:

(i) All items in the United States, including in a U.S. Foreign Trade Zone or moving in transit through the United States from one foreign country to another;

(ii) All U.S. origin items wherever located;

(iii) Non-U.S.-made commodities that incorporate controlled U.S.-origin commodities, non-U.S.-made commodities that are 'bundled' with controlled U.S.-origin software, non-U.S.-made software that is commingled with controlled U.S.-origin software, and non-U.S.-made technology that is commingled with controlled U.S.-origin technology which exceeds a certain threshold (the "**De Minimis Rule**"); and

(iv) Certain non-U.S.-produced "direct products" of specified "technology" and "software"; and certain non-U.S.-produced products of a complete plant or any major component of a plant that is a "direct product" of specified "technology" or "software" (the Foreign Direct Product Rule, "**FDP rule**").

For items subject to the EAR under different circumstances, the scope of control corresponding to the end-user, end-use, destination, etc., may be different and need to be judged on a case-by-case basis. If certain transactions or actions are controlled under the EAR, a license or license exception will be necessary. The EAR administered by the BIS is frequently revised and updated. We have listed the major developments in recent years below for reference. It should be noted that all the following amendments will be incorporated into the EAR upon their effective date. The core logic of the EAR remains as described above, which involves controlling the export, re-export, or in-country transfer of items subject to the EAR. The following amendments mainly refine and strengthen the relevant control details.

On October 7, 2022, BIS released an interim final rule (the "**2022 IFR**") aimed to restrict the PRC's ability to both purchase and manufacture certain high-end chips used in military applications and build on prior policies, company-specific actions, and less public regulatory, legal, and enforcement actions taken by BIS.

The 2022 IFR addressed U.S. national security and foreign policy concerns in two key areas. First, the rule imposed restrictive export controls on certain advanced computing semiconductor chips, transactions for supercomputer end-uses, and transactions involving certain entities on the Entity List. Second, the 2022 IFR imposed new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit end uses.

On October 17, 2023, BIS published two interim final rules (the "**2023 IFR**") designed to update export controls on advanced computing semiconductors and semiconductor manufacturing equipment, as well as items that support supercomputing applications and end-uses, to arms embargoed countries, including the PRC, and to place additional related entities in the PRC on the Entity List. The 2023 IFR reinforced the 2022 IFR controls to restrict the PRC's ability to both purchase and manufacture certain high-end chips critical for military advantage.

On December 2, 2024, BIS published a new interim final rule (the "**2024 IFR**") to further impair the PRC's capability to produce advanced-node semiconductors that can be used in the next generation of advanced weapon systems and in AI and advanced computing, which have significant military applications.

In addition to the restrictions introduced by the IFRs, BIS maintains lists of persons or entities that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons or entities on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The U.S. in recent years has placed an increasing number of entities, including a number of entities in the PRC, on the Entity List and other restricted or prohibited parties lists. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations.

U.S. Tariffs

The U.S. imposes a variety of tariffs on imported goods. While the U.S. Constitution grants Congress the authority to impose tariffs, several statutes have shifted that authority to the President under certain circumstances. Within the U.S., agencies involved in international trade regulation include the Customs and Border Protection (the "**CBP**"), the U.S. International Trade Commission (the "**ITC**"), and the Office of the U.S. Trade Representative (the "**USTR**"). The CBP is responsible for collecting tariffs on goods imported to the U.S. during the customs clearance process. The ITC is a quasi-judicial agency that administers U.S. laws governing trade remedies and provides analysis, information, and other support concerning tariffs and other international trade matters for the President, U.S. Congress, and the USTR. The ITC also investigates alleged violations of U.S. trade law, including unfair trade practices under Section 337 of the Tariff Act of 1930, illegal foreign financial subsidies, and violations, and Section 201 of the Trade Act of 1974 (imports of goods into the U.S. at an increased quantity that is a substantial cause of serious injury to a U.S. domestic industry). The USTR is a cabinet-level position within the office of the President of the U.S., and serves as the President's principal adviser, negotiator, and spokesperson regarding matters of international trade.

The USTR is authorized to take certain action under Section 301 of the Trade Act of 1974 ("**Section 301**"), including without limitation the imposition of tariffs or other restrictions on imports, if it determines after investigation that a foreign government has engaged in unfair trade practices. In 2018, following a USTR investigation and report, the U.S. imposed tariffs on certain imported goods of

Chinese origin. Section 301 tariffs are assessed and collected in addition to any other duties that may apply (including, without limitation, anti-dumping duties). Both the U.S. and China have brought claims against one another before the World Trade Organization in connection with this trade dispute.

Since early 2025, the U.S. government has issued multiple executive orders implementing additional tariff on imports from various jurisdictions. As of the Latest Practicable Date, following the ruling of the U.S. Supreme Court and pursuant to the relevant executive orders and official notices issued by the U.S. government, the tariffs previously imposed under the International Emergency Economic Powers Act (the "**IEEPA**") became inactive on February 24, 2026. In lieu thereof, a temporary 10% tariff was imposed under Section 122 of the Trade Act of 1974 for a period of 150 days ("**Section 122 tariffs**"). However, on May 7, 2026, the U.S. Court of International Trade held that Section 122 tariffs were unlawful and ordered the payment of refunds to the plaintiffs in that case, though the collection of such tariffs from other importers continues pending further litigation. Accordingly, as of the Latest Practicable Date, a 10% tariff applies to goods imported into the U.S. from China after revoking the tariffs under the IEEPA effective on February 24, 2026. Such tariff arrangement is temporary in nature and remains subject to further regulatory developments and policy changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice.

SANCTIONS LAWS AND REGULATIONS

Set out below is a summary of the sanctions regimes imposed by the U.S., the United Nations, the EU, the United Kingdom and its overseas territories, and Australia. This summary does not set out the laws and regulations relating to the U.S., the United Nations, the EU, the United Kingdom and Australian sanctions in their entirety.

United States

The Office of Foreign Assets Control (the "**OFAC**") is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. Economic sanctions maintained by the U.S. government could be categorized into "primary" sanctions and "secondary" sanctions. "Primary" 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" 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, 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 U.S. 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 programs currently apply to Cuba, Iran, North Korea, Syria, the Crimea, and the so-called Luhansk People's Republic and the Donetsk People's Republic regions. OFAC also prohibits virtually all business dealings with persons and entities identified in the Specially Designated Nationals and Blocked Persons List (the "**SDN List**"). An entity 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) is 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 U.S.

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 nonproliferation.

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 10 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 EU 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 EU sanctions where that counterparty is not a Sanctioned Target 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 Targets.

United Kingdom

UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 (the "**UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The United Kingdom is no longer an EU member state as of January 1, 2021. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs through regulations setting out the specific measures under each UK sanctions regime.

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.