

REGULATORY OVERVIEW

THE PRC LAWS, REGULATIONS AND POLICIES

This section summarizes the major PRC laws, regulations and policies relevant to our Company’s daily business operations currently carried out in the PRC.

THE PRC LAWS, REGULATIONS AND POLICIES RELATING TO THE INTEGRATED CIRCUIT AND POWER SEMICONDUCTOR INDUSTRY

According to the Regulations on the Promotion of Digital Economy of Guangdong Province (《廣東省數字經濟促進條例》), which were promulgated by the Standing Committee of the People’s Congress of Guangdong Province on 30 July 2021 and took effect on 1 September 2021, the People’s Government of Guangdong Province and its relevant departments, including those responsible for development and reform, science and technology, and industry and information technology, shall formulate comprehensive plans for the development of the integrated circuit industry. Such plans shall enhance the level of support in respect of funding, platforms, higher education institutions and industrial parks; establish industrial pillars across the manufacturing, design, packaging and testing, materials, equipment, components, tools and applications segments; support the investment in and construction of high-quality projects; and foster innovation hubs for the integrated circuit industry.

The Regulations on Promoting the Development of the Guangdong-Macao In- Depth Cooperation Zone in Hengqin (《橫琴粵澳深度合作區發展促進條例》), which were adopted by the Standing Committee of the People’s Congress of Guangdong Province on 8 February 2023 and took effect on 1 March 2023, stipulate that vigorous support shall be given to the development of the integrated circuit industry in the Cooperation Zone, the establishment of advanced testing technology and service platforms for integrated circuits, and the implementation of chip research and development and manufacturing projects.

From 2010 to 2021, the State Council of the PRC (the “**State Council**”) promulgated a series of regulations and policies aimed at promoting the development of the integrated circuit industry, including Decision of the State Council on Accelerating the Cultivation and Development of Strategic Emerging Industries (Guo Fa [2010] No. 32) (《國務院關於加快培育和發展戰略性新興產業的決定》(國發[2010]32號)), Several Policies to Further Encourage the Development of Software Industry and Integrated Circuit Industry (Guo Fa [2011] No. 4) (《進一步鼓勵軟件產業和集成電路產業發展的若干政策》(國發[2011]4號)), 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), Made in China 2025 (Guo Fa [2015] No. 28) (《中國製造2025》(國發[2015]28號)), Several Policies for Promoting the High-quality Development of Integrated Circuit Industry and Software Industry 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》).

According to the Guiding Catalogue for Industrial Structure Adjustment (2024 Version) (《產業結構調整指導目錄(2024年本)》) promulgated by the National Development and Reform Commission of the People’s Republic of China (the “**NDRC**”) on December 27, 2023 and effective on February 1, 2024, the manufacturing of integrated circuits and new electronic components belongs to the 28th category of information industry under the first category of incentive category. The national standard industry to which our Company’s main business belongs is integrated circuit design (I6520), which belongs to the first category of incentive projects in the catalogue.

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In March 2021, the National People’s Congress (the “NPC”) approved 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 industrial innovation and development of integrated circuits, aerospace equipment, ship and ocean engineering equipment, robots, advanced rail transit equipment, advanced power equipment, construction machinery, high-end CNC machine tools, medicine, and medical equipment.

On June 2, 2023, the Notice by Five Departments Including the Ministry of Industry and Information Technology (the “MIIT”) of Issuing the Opinions on the Implementation of Reliability Improvement in the Manufacturing Industry (《工業和信息化部等五部門關於印發〈製造業可靠性提升實施意見〉的通知》) was issued. The document provided that, in the electronics industry, priority shall be given to improving the reliability of high-end general-purpose CPUs such as SoCs, MCUs, and GPUs for electronic equipment; gallium nitride, silicon carbide, and other wide-band-gap power semiconductor devices; precision optical components; optical communication devices; new sensing units and sensors; adaptive sensor modules; Beidou chips and devices; chip resistors, capacitors, and inductors; high-speed connectors; high-end radio-frequency devices; high-end electromechanical components; LED chips; and other electronic components.

In December 2020, the Ministry of Finance, the General Administration of Taxation, the NDRC, and the MIIT jointly released the “Announcement on Enterprise Income Tax Policy for Promoting High Quality Development of Integrated Circuit Industry and Software Industry”. Pursuant to the aforesaid regulations, key integrated circuit design enterprises and software enterprises encouraged by the state are exempted from enterprise income tax for the first to fifth years starting from the profit-making year, and are subject to a reduced enterprise income tax rate of 10% in the succeeding years.

In March 2021, in accordance with the Notice on Supporting Import Tax Policy for the Development of Integrated Circuit Industry and Software Industry (財政部海關總署稅務總局關於支持集成電路產業和軟件產業發展進口稅收政策的通知) issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration, import behaviors that conform to the circumstances listed in this regulation are exempted from import duties, which is effective from 27 July 2020 to 31 December 2030.

In May 2022, the State Taxation Administration issued the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises. Enterprises engaged in integrated circuit design, equipment, materials, packaging and testing encouraged by the state are entitled to periodic reduced enterprise income tax; key integrated circuit design enterprises encouraged by the state are entitled to periodic reduced enterprise income tax; and employee training fees of enterprises engaged in integrated circuit design are deductible before tax according to the actual amount incurred.

In April 2023, the Ministry of Finance and the State Taxation Administration jointly promulgated the Notice of the Ministry of Finance and the State Taxation Administration on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (財政部、稅務總局關於集成電路企業增值稅加計抵減政策的通知), which states that from 1 January 2023 to 31 December 2027, enterprises engaged in the design, production, closed beta test, equipment and materials of integrated circuits are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

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LAWS AND REGULATIONS ON FOREIGN INVESTMENT

The establishment, operation and governance of corporate entities in the PRC is governed by the Company Law of PRC (中華人民共和國公司法) (the “**PRC Company Law**”), which was issued by the Standing Committee of the NPC (“**SCNPC**”) on 29 December 1993, last revised on 29 December 2023 and became effective on 1 July 2024. Limited liability companies and stock limited companies established in the PRC shall be subject to the PRC Company Law. A foreign-invested company is also subject to the PRC Company Law unless otherwise provided by the foreign investment laws.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法), which was promulgated by the NPC on 15 March 2019 and came into effect on 1 January 2020, specifies that the state shall implement the management system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favourable than the treatment accorded to domestic investors and their investments; Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the state. The state provides national treatment to foreign investments outside the Negative List. In addition, the Regulations on Implementing the Foreign Investment Law of the PRC (“**Implementation Regulations**”), which were promulgated by the State Council on 26 December 2019 and came into effect on 1 January 2020, further stipulate that the state shall, in accordance with the needs of the national economy and social development, formulate a catalog of industries for encouraging foreign investment, setting out the specific industries, fields and regions in which foreign investors will be encouraged and induced to invest.

The National Development and Reform Commission and the Ministry of Commerce jointly revised and promulgated the “the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Version)” (the “**Negative List**”) on 6 September 2024, which came into effect on 1 November 2024, replacing the previous Negative List, pursuant to which, domestic enterprises engaged in business sectors prohibited under the Negative List that seek to issue shares and list overseas shall be subject to review and approval by the relevant national competent authorities, and foreign investors are not allowed to participate in the operation and management of the enterprise and their shareholding ratios shall be implemented with reference to the relevant regulations on the management of domestic securities investment by foreign investors. Our company and our PRC subsidiaries focus on the research and development, design and sales of high-performance power semiconductor devices. The actual business operations of Our company and our PRC subsidiaries do not involve any prohibited or restricted foreign investment sectors stipulated in the Negative List.

According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) (the “**Measures**”) promulgated by NDRC and Ministry of Commerce of the PRC (中華人民共和國商務部) (“**MOFCOM**”) on 19 December 2020 and effective from 18 January 2021, foreign investments that have an actual or potential impact on national security are subject to security review in accordance with the provisions of the Measures. Foreign investors or relevant domestic parties who intend to invest in the following areas should proactively apply to the mechanism’s office for a security review prior to implementation of the investment: (1) investment in defense, defense support and related sectors that have a bearing on national defense security, as well as investment in areas surrounding military and defense facilities; (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important

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sectors related to national security, while obtaining actual control over the invested enterprise. Our company and our PRC subsidiaries focus on the research and development, design and sales of high-performance power semiconductor devices. Such business scope does not fall within the circumstances requiring declaration to the mechanism’s office as stipulated in the Measures, and therefore our company and our PRC subsidiaries are not required to apply for security review of foreign investment pursuant to the provisions of the Measures.

REGULATIONS ON OVERSEAS INVESTMENT

Pursuant to the Administrative Measures for Outbound Investment (境外投資管理辦法) promulgated by the MOFCOM on 6 September 2014 and effective from 6 October 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by verification and approval. Outbound investment that falls under any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (企業境外投資管理辦法) promulgated by NDRC on 26 December 2017 and effective from 1 March 2018, domestic enterprises (the “investors”) in the PRC making an outbound investment shall go through verification and approval or record-filing or other procedures applicable to outbound investment projects (the “Projects”), report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by the investors directly or through overseas enterprises controlled by them shall be subject to the management of verification and approval; non-sensitive Projects directly carried out by the investors, namely, non-sensitive projects involving the investors’ direct contribution of assets or rights and interests or provision of financing or security, shall be subject to the management of record-filing. The aforementioned sensitive project means a project involving sensitive countries and regions or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (境外投資敏感行業目錄(2018年版)), effective on 1 March 2018 to list the sensitive industries for foreign investment in detail.

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” (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) issued by the State Administration of Foreign Exchange on 13 February 2015 and effective from 1 June 2015, the approval of foreign exchange registration for direct investment is canceled. Banks directly review and handle the foreign exchange registration for overseas direct investment. The State Administration of Foreign Exchange and its branches indirectly supervise the registration of foreign exchange for overseas direct investment through banks. On April 3, 2024, the SAFE promulgated the Guidelines of Capital Account Foreign Exchange Business (2024 Version) (《資本項目外匯業務指引(2024年版)》), which came into effective on May 6, 2024, and stipulates guidelines for the capital account foreign exchange business.

Pursuant to the Provisions of the State Council on Outbound Investment (《國務院關於對外投資的規定》), promulgated by the State Council on May 5, 2026 and effective from July 1, 2026, PRC investors shall complete the requisite approval, filing, information reporting, cross-border capital registration or other formalities in accordance with applicable PRC laws and regulations when conducting outbound investment activities.

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Our company’s existing proceeds investment projects do not currently involve overseas investment, and therefore the above-mentioned regulations concerning overseas investment are not applicable.

LAWS AND REGULATIONS RELATING TO NETWORK SECURITY AND DATA SECURITY

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) promulgated by the Standing Committee of the National People’s Congress (“SCNPC”) on November 7, 2016 and came into effect on June 1, 2017, last revised on 28 October 2025 and became effective on 1 January 2026, the State promotes the construction of a socialized service system for cybersecurity and encourages relevant enterprises and institutions to provide security services such as cybersecurity certification, testing and risk assessment. Critical information infrastructure operators that intend to purchase internet products and services that may affect national security must be subject to the national security review organized by the national cyberspace authority in conjunction with relevant departments under the State Council. Furthermore, operators of key information infrastructure shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC. Where cross-border transfer of such data is necessary for business, unless otherwise provided for in laws and administrative regulations, a security assessment shall be conducted in accordance with the measures formulated by the national cyberspace authority in conjunction with the relevant departments under the State Council.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”), effective from September 1, 2021. According to the Data Security Law, the State establishes a system for the classified and graded protection of data and a catalog of important data, in order to strengthen the protection of important data. Processors of important data shall designate a person in charge of data security and a management body to fulfill the responsibilities for data security protection. The relevant competent authorities are to formulate measures for the security management of outbound transfers of important data. Any entity that provides important data abroad in violation of the Data Security Law may be subject to administrative penalties, including fines, monetary penalties, and/or corrective actions such as suspension of business for rectification or revocation of its business license. Furthermore, the Data Security Law stipulates that a national security review mechanism shall be applied to data processing activities that affect or may affect national security, and that export controls shall be imposed on specific data and information.

On July 30, 2021, the State Council promulgated the Regulations of Security Protection for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which went into effect on September 1, 2021. According to the Regulations of Security Protection for Critical Information Infrastructure, critical information infrastructure, or the CII, refers to any important network facilities or information systems of important industries and fields such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government affairs and national defense science, and other important ones whose damage, function loss or data leakage may endanger national security, people’s livelihood and public interests. According to the Regulations, the competent departments and supervisory departments, which govern the important industries and fields, shall be responsible for organizing the identification of the CIIs in respective industries or fields, as the departments responsible for the security protection of the CIIs, and such departments should promptly notify the CII operators of the identification results, and notify the public security department of the State Council.

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On September 24, 2024, the State Council promulgated the Administrative Regulations for Internet Data Security (《網絡數據安全管理條例》), which provided more detailed guidance on the existing rules in various aspects of data processing activities, including data processors’ disclosure of data processing rules, obtaining consent and separate consent, security of important data and outbound data transfers, as well as additional obligations for platform operators.

On December 28, 2021, the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室) (the “CAC”), the NDRC, the MIIT and several other PRC governmental authorities jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), these Measures took effect on February 15, 2022 and replaced the former Cybersecurity Review Measures promulgated on April 13, 2020. Pursuant to the Cybersecurity Review Measures, a CII operator that purchases network products and services, or an internet platform operator that conducts data processing activities, which affect or may affect national security, shall be subject to a cybersecurity review according to the Measures. In addition, the internet platform operator which processes the personal information of more than one million users and intends to be listed on a foreign stock exchange must be subject to a cybersecurity review. And the Cybersecurity Review Office under the CAC is responsible for developing institutions and norms on cybersecurity review and organizing cybersecurity reviews.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Patent

Pursuant to the Patent Law of the PRC (the “**Patent Law**”) promulgated by the SCNPC on 12 March 1984, last revised on 17 October 2020 and effective from 1 June 2021, and the Implementation Rules of the Patent Law of the PRC promulgated by the State Council on 15 June 2001, last revised on 11 December 2023 and effective from 20 January 2024, there are three types of patents, namely invention, utility model and design. Invention patents are valid for 20 years, while utility model patents are valid for 10 years and design patents are valid for 15 years, all starting from the date of application. After the granting of a patent for an invention or utility model, unless otherwise provided for in the Patent Law, no entity or individual may exploit the patent without the permission of the patentee; after the granting of a design patent, no entity or individual shall, without permission of the patentee, exploit the patent, that is, they shall not make, promise to sell, sell, or import the product incorporating its or his patented design, for production and business purposes.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and came into effect on November 1, 2019, and the Regulation on the Implementation 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, last amended on April 29, 2014 and came into effect on May 1, 2014 stipulate the application, examination and approval, renewal, modification, transfer, use and invalidation of trademark registration, and protect the exclusive right to use a trademark enjoyed by the trademark registrant. The Trademark Office of China National Intellectual Property Administration (the “**Trademark Office**”) is responsible for the registration of trademarks. The valid period of a registered trademark shall be ten years from the date of approval of the registration. Upon expiry of the valid period, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. If the registrant fails to do so within the

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period, an extension period of six months may be granted. Valid period for each renewal is ten years from the next day after expiry of the previous valid term. The Trademark Office shall announce the trademarks subject to renewal of registration.

Copyright

According to the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC on 7 September 1990, last revised on 11 November 2020 and effective on 1 June 2021, and the Implementation Regulations of the Copyright Law of the PRC (中華人民共和國著作權法實施條例) promulgated by the State Council on 2 August 2002, last revised on 30 January 2013 and effective on 1 March 2013, works of PRC citizens, legal persons or unincorporated organizations, whether published or not, shall enjoy copyright in accordance with law. Works refer to intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form. A copyright holder shall enjoy a number of personal and property rights, including the right of publication, the right of authorship and the right of amendment.

According to the Regulations on the Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on 20 December 2001, last revised on 30 January 2013 and effective on 1 March 2013, and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration of the PRC on 20 February 2002, computer software refers to computer programs and their associated documentation. Chinese citizens, legal persons or other units shall enjoy the copyright for software they develop, regardless of whether it has been published. Software copyright arises from the date of completion of software development. The protection period of the software copyright of legal persons or other units shall be 50 years, ending on 31 December of the fiftieth year after the first publication of the software. Software which has not been published for 50 years since the date of completion of software development shall not be under protection.

Design of Integrated Circuit Layouts

Pursuant to the Regulations on the Protection of Layout-Designs of Integrated Circuits (集成電路佈圖設計保護條例) (the “**Regulations on the Protection**”) issued by the State Council on 2 April 2001, and effective from 1 October 2001, natural persons, legal persons or other organizations in China who create layout-designs shall have exclusive rights to their designs in accordance with the Regulations on the Protection. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, starting from the date of application for registration of the design or from the date of putting it into commercial exploitation somewhere in the world for the first time, whichever is earlier. However, whether or not the design is registered or commercially used, it is no longer protected by the Regulations on the Protection 15 years after the date of completion of the design.

Domain Names

According to the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on 24 August 2017, which came into effect on 1 November 2017, the MIIT is responsible for the supervision and management of China’s domain name services. No organization or individual shall impede the safe and stable operation of the Internet domain name system.

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REGULATIONS RELATING TO HOUSE LEASING

Pursuant to the Law on Administration of Urban Real Estate of the PRC (中華人民共和國城市房地產管理法), which was promulgated by the SCNPC on 5 July 1994, was last revised on 26 August 2019 and came into effect on 1 January 2020, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

In addition, according to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on 1 December 2010 and came into effect on 1 February 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people’s government of a municipality directly under the central government of the PRC, city or county where the house leased is located. If individuals or entities are in violation of the above provisions, they may be ordered to make corrections within a specified time limit by the competent construction (real estate) department of the people’s government of a municipality directly under the central government, city or county. If any individual fails to do so, a fine of less than RMB1,000 will be imposed, while if any entity fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Pursuant 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 22 February 1993 and last revised on 29 December 2018, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks, falsifying the place of origin of products, and falsifying or imitating the name or address of another factory or adulteration of, or mixing of improper elements with products, passing off the sham as the genuine or passing off the inferior as the superior is prohibited.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT TRADE

According to the Customs Law of the PRC (中華人民共和國海關法), which was promulgated by the SCNPC on 22 January 1987 and last revised on 29 April 2021, unless otherwise stipulated, the declaration of import and export goods and the payment of customs duties may be handled by the consignees or consignors of imported or exported goods or entrusted customs declaration enterprises. The consignee or the consignor of imported or exported goods and the customs declaration enterprise shall go through customs declaration and filing procedures at the relevant customs in accordance with the law.

According to 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, last revised on 27 December 2025 and effective from 1 March 2026, and the Regulation of the People’s Republic of China on the Administration of the Import and Export of Goods (中華人民共和國貨物進出口管理條例) promulgated by the State Council on 10 December 2001, last revised on 10 March 2024 and became effective on 1 May 2024, unless it is clearly provided in laws or administrative regulations to forbid or restrict the import or export of goods, no entity or individual may establish or maintain prohibitive or restrictive measures over the import or export of goods.

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In accordance with the Export Control Law of the People's Republic of China (中華人民共和國出口管制法), promulgated by the Standing Committee of the National People's Congress on 17 October 2020, and which came into effect on 1 December 2020, China controls the export of dual-use items, military goods, nuclear and other goods, technologies, services and other items that are relevant to safeguarding the security and interests of China and fulfilling its international obligations in the area of non-proliferation. In accordance with the provisions of the Export Control Law and relevant laws and administrative regulations, and in accordance with export control policies, export control authorities, in conjunction with the relevant departments and in accordance with prescribed procedures, formulate and adjust the export control lists of controlled items, and make them public in a timely manner. In accordance with the need to safeguard national security and interests and to fulfil international obligations such as non-proliferation, and with the approval of the State Council, or with the approval of the State Council or the Central Military Commission, the export control authorities may impose temporary controls on goods, technologies and services not included in the export control lists, and make public announcements thereof.

Pursuant 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 on 19 November 2021 and became effective on 1 January 2022, consignees, consignors or customs declaration enterprises of imported or exported goods only need to file with the Customs, and no longer need to register with the General Administration of Customs. The filing information will be publicized through the credit publicity platform of import and export business of Customs of the PRC.

According to 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, last revised on 27 December 2025 and effective from 1 March 2026, the requirement that foreign trade operators engaging in the import and export of goods or technology must register with the competent department for foreign trade of the State Council or its authorized agencies is cancelled.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL INSURANCE

Labor Law and Labor Contract Law

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) last revised by the SCNPC on 29 December 2018 and the Labor Contract Law of the PRC (中華人民共和國勞動合同法) last revised by the SCNPC on 28 December 2012 and came into effect on 1 July 2013, a labor contract shall be concluded when a labor relationship is established. Employers shall establish and improve labor rules and systems in accordance with the law to safeguard employees' labor rights and fulfillment of labor obligations.

Social Insurance and Housing Provident Fund

In accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法) last revised and put into effect by the SCNPC on 29 December 2018, the Provisional Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) last revised and put into effect by the State Council on 24 March 2019, social insurance system has been established for basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. Enterprises shall register social insurance with local social insurance agency and participate in social insurance. Enterprises and employees shall pay their social insurance premiums in full and in a timely manner.

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In accordance with the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例) which was last revised and put into effect by the State Council on 24 March 2019, enterprises shall register at the housing provident fund management center to pay housing provident funds and open housing provident fund accounts for their employees. Enterprises are required to pay housing provident funds on behalf of their employees in full and in a timely manner. With respect to any entity that fails to make deposit registration of the housing provident fund or fails to complete the housing provident fund account establishment procedures for its employees, such entity shall be ordered by the housing provident fund management center to complete such procedures within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10, 000 nor more than RMB50, 000 shall be imposed. Furthermore, if an employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people’s court for compulsory enforcement.

Pursuant to the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which was enacted by the Supreme People’s Court and came into effect on 1 September 2025, any agreement or employee undertaking to waive social insurance contributions shall be deemed null and void by the people’s court. In the event of an employer’s failure to make legal social insurance contributions, the employee shall be entitled to rescind the labor contract and request economic compensation in accordance with the PRC Labor Contract Law.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law (企業所得稅法) and the relevant implementation regulations, the unified enterprise income tax rate is 25%. However, a non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place off business in the PRC but the income has no actual connection with such establishment or place off business, shall pay EIT on its income derived from the PRC at an enterprise income tax rate of 10%.

Pursuant 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 last revised and took effect on 29 December 2018, and the Regulations 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 on 6 December 2024 and revised and took effect on 20 January 2025, a uniform enterprise income tax rate of 25% is imposed to both foreign invested enterprises and domestic enterprises, but tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The Chinese government provides key support to high-tech enterprises, which are subject to a reduced enterprise income tax rate of 15%.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-Added Tax (中華人民共和國增值稅暫行條例), which was promulgated by the State Council, and last revised and became effective on 19 November 2017, and the Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the Ministry of Finance, and last revised on 28 October 2011 and

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effective on 1 November 2011, all entities and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC are taxpayers of value-added tax (the “VAT”) and shall pay VAT. Unless stated otherwise, for payers who sell or import goods, and provide processing, repairs and replacement services in the PRC, the tax rate shall be 17%, and be, in certain specified circumstances, 11%, 6% and 0%.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (財政部、稅務總局關於調整增值稅稅率的通知) which was promulgated on 4 April 2018 and came into effect on 1 May 2018, the original rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告), which was promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the original rates of 16% or 10% applicable to the general VAT payers’ sales activities or imports goods that are subject to VAT are adjusted to 13% or 9%, respectively.

On 25 December 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (“VAT Law”), which came into effect on 1 January 2026, and the Provisional Regulations of the PRC on Value-Added Tax will be repealed concurrently. Pursuant to the VAT Law, 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%.

Dividend Withholding Tax

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was promulgated on August 21, 2006 and effective from December 8, 2006, the withholding tax rate of no more than 5% applies to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that holds at least 25% of the capital of the PRC company. The withholding tax rate of no more than 10% applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that holds less than 25% of the capital of the PRC company.

Furthermore, pursuant to the Circular of the State Taxation Administration on Relevant Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (Guo Shui Han [2009] No. 81) (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》(國稅函[2009]81號), which was promulgated on and effective from February 20, 2009, where a PRC resident company pays dividends to a fiscal resident of the other contracting party to a tax treaty and such fiscal resident of the other party (or dividend recipient) is the beneficiary of such dividends, such dividends received by the fiscal resident of the other party are entitled to the treatment under the tax treaty, provided that all of the following requirements should be satisfied: (1) the taxpayer entitled to the treatment under the tax treaty shall be the fiscal resident of the other contracting party to a tax treaty; (2) the taxpayer entitled to the treatment

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under the tax treaty shall be the beneficiary of relevant dividends; (3) dividends entitled to the treatment under the tax treaty shall be the equity investment income such as dividends and bonuses determined under the PRC tax laws; and (4) other requirements provided by the STA.

If the tax resident of the other contracting party to the tax agreement directly owns a certain proportion or more of the capital (usually 25% or 10%) of a Chinese resident company that pays dividends, the dividends obtained by the tax resident of the other contracting party can be taxed at the tax rate specified in the tax agreement. The tax resident of the other contracting party who needs to enjoy the benefits of the tax agreement should meet the following conditions at the same time: (1) such tax resident of the other contracting party who obtains dividends should be limited to a company as provided in the tax agreement; (2) owner's equity interests and voting shares of the PRC resident company directly owned by such tax resident of the other contracting party reaches a specified percentage; and (3) the capital proportion of the PRC resident company directly owned by such tax resident of the other contracting party, at any time during the 12 months prior to the acquisition of the dividends, reaches a specified percentage in the tax agreement.

LAWS AND REGULATIONS RELATING TO FOREIGN CURRENCY EXCHANGE

The Foreign Exchange Control Regulations of the PRC (中華人民共和國外匯管理條例) last revised by the State Council on 5 August 2008, are applicable to all activities related to the foreign exchange receipts and disbursements and transactions of domestic corporations and individuals and to the said activities of overseas corporations and individuals within the territory of the PRC.

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.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) which was promulgated by the SAFE on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. Where the current regulations contain any restrictive provisions on the foreign exchange settlement of foreign exchange receipts under capital accounts of domestic institutions, such provisions shall prevail.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) issued by the SAFE on 10 April 2020, enterprises meeting the prescribed requirements are allowed to use income under the capital accounts as capital funds, external debts and overseas listings for domestic payment without providing banks with authenticity certification materials in detail in advance, to the extent that funds are used for true and law-compliant purposes and such enterprises comply with the

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in-force administrative provisions on the use of income under the capital accounts. According to the “Notice of the State Administration of Foreign Exchange on Further Deepening Reforming to Facilitate Cross-border Trade and Investment” (國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知) issued by the SAFE on 4 December 2023, the foreign exchange funds raised by domestic enterprises through overseas listing may be directly remitted to the settlement account of capital accounts. Funds in the settlement account off capital accounts may be settled and used at discretion.

The Circular of the State Administration of Foreign Exchange on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (Hui Fa [2017] No. 3) (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3號)) (the “**Circular 3**”) promulgated by the State Administration of Foreign Exchange on January 26, 2017 and became effective on the same date stipulates that, several capital control measures with respect to the outward remittance of profits from domestic institutions to overseas institutions. Specifically, a bank that handles outward remittance of profits equivalent to more than US\$50,000 for a domestic institution shall, under the principle of genuine transactions, review the resolutions of the Board of Directors on distribution of profits, original tax recordation form and audited financial statements, and stamp and endorse the relevant original tax recordation form with the actual remittance amount and remittance date. Domestic institutions should hold income to account for previous years’ losses in accordance with the laws before remitting the profits. Moreover, pursuant to the Circular 3, in addition to providing corresponding materials as required, domestic institutions shall make explanations of the sources and utilization of capital (plans of utilization), and provide board resolutions, contracts and other certification materials for authenticity to the bank when completing the registration and remitting procedures in connection with an outbound direct investment.

LAWS AND REGULATIONS RELATING TO THE ISSUANCE AND LISTING OF SECURITIES OVERSEAS BY DOMESTIC ENTERPRISES

Securities Laws and Regulations

The Securities Law of the People’s Republic of China (the “**Securities Law**”), which was last revised by the SCNPC on 28 December 2019 and became effective on 1 March 2020, comprehensively regulates the activities of the securities market in the PRC, including the issuance and trading of securities, acquisitions of listed companies, disclosure of information, investor protection, stock exchanges, securities companies, securities registration and clearing institutions, securities service agencies, securities associations and securities regulatory authorities. The Securities Law further stipulates that domestic enterprises that directly or indirectly issue securities abroad or list their securities abroad shall comply with the relevant provisions of the State Council, and that the specific provisions for subscription and trading of shares of domestic companies in foreign currencies shall be separately stipulated by the State Council. The China Securities Regulatory Commission (CSRC) is a securities regulatory body established by the State Council, which is responsible for supervising and managing the securities market in accordance with the law, maintaining market order and safeguarding the legal operation of the market.

Overseas Listing

On 17 February 2023, the CSRC promulgated the Trial Administrative Measures of 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 “**Trial Measures**”) and related guidelines, which came into effect on 31 March 2023. Pursuant to the Trial Measures, where a domestic enterprise in the PRC directly

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or indirectly issues or lists shares overseas, it shall file a report with the CSRC within 3 working days after submitting the application documents for issuance and listing overseas; overseas issuance and listing shall be prohibited under any of the following circumstances: where the issuance and listing is prohibited by laws, administrative regulations or the relevant provisions of the state; where the overseas issuance and listing is recognized by the relevant competent department of the State Council in accordance with the law may jeopardize national security; where domestic enterprises or their controlling shareholders or de facto controllers are involved in criminal offenses of corruption, bribery, misappropriation of property, embezzlement of property, or disruption of the socialist market economy order within the last three years; where domestic enterprises suspected of committing crimes or major violations of laws and regulations are being investigated by the law, and has not yet come to a definitive conclusion of the opinion; where there are significant ownership disputes over the shareholdings held by controlling shareholders or shareholders directed by controlling shareholders or de facto controllers.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (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 “**Provisions on Confidentiality and Archives Administration**”), which was jointly issued by the CSRC together with other relevant authorities on 24 February 2023 and became effective on 31 March 2023, for the activities of overseas issuance and listing of domestic enterprises, the domestic enterprises as well as securities companies and securities service agencies providing corresponding services shall strictly comply with the relevant laws and regulations of the PRC and the requirements of the Provisions on Confidentiality, enhance their legal awareness of the need to protect state secrets and enhance archive management, and establish a sound system for confidentiality and archive management. Necessary measures shall be taken to fulfill the responsibility of confidentiality and archive management, and state secrets and the working secrets of state organs shall not be disclosed, or the state and public interests shall not be jeopardized. Where any domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listed subjects documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals including securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. Where a domestic enterprise provides or publicly discloses to relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listed subjects’ documents or materials the disclosure of which would adversely affect national security or public interests, it shall strictly fulfill the corresponding procedures in accordance with the relevant provisions of the state.

Regulations Relating to Environmental Protection

According to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) (the “**Environmental Protection Law**”) promulgated by the SCNPC on 26 December 1989, and last amended on 24 April 2014 and came into effect on 1 January 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste

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residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. China implements a pollutant discharge permit management system in accordance with the law.

Pollution Permit

According to the Environmental Protection Law and the Regulation on the Administration of Pollutant Discharge Licensing (《排污許可管理條例》), which was promulgated by the State Council on 24 January 2021, and came into effect on 1 March 2021, enterprises, business units and other producers and operators that implement the pollutant discharge licensing management shall discharge pollutants according to the requirements of the pollutant discharge license, and shall not discharge pollutants without obtaining the pollutant discharge license. The competent environmental protection authorities impose various administrative penalties on individuals or enterprises in violation of the Environmental Protection Law.