This section sets out summaries of certain aspects of the People's Republic of China (the "PRC") laws and regulations, which are relevant to our business operations.

REGULATIONS ON THE INTEGRATED CIRCUIT INDUSTRIES

From 2009 to 2021, the State Council issued a series of regulations that aimed at promoting the development of the integrated circuit industry, which include the Plan for the Adjustment and Revitalization of the Electronic Information Industry (電子信息產業調整和振興規劃), the Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries (國務院關於加快培育和發展戰略性新興產業的決定), the Notice of the State Council on Promulgation of Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知), the Outline for Advancing the National Integrated Circuit Industry (國家集成電路產業發展推進綱要), Made in China (2025) (中國製造(2025)), the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (新時期促進集成電路產業和軟件產業高質量發展的若干政策).

On November 19, 2017, the State Council issued the Guiding Opinions of the State Council on Deepening the Development of Industrial Internet through "Internet Plus Advanced Manufacturing" (國務院關於深化"互聯網+先進製造業"發展工業互聯網的指導意見). The document encourages domestic and foreign enterprises to collaborate on technological breakthroughs and product R&D in weak links such as big data analytics, industrial data modeling, critical software systems, and integrated circuits. It also calls for the implementation of relevant tax incentive policies, including corporate income tax benefits for the software and integrated circuit industries, to encourage enterprises to accelerate the development and application of industrial internet.

On December 29, 2023, the Ministry of Industry and Information Technology (the "MIIT") issued the Guidelines for Establishing the National Automotive Chip Standards System (國家汽車芯片標準體系建設指南). The document proposes to guide and promote the development of automotive chip technologies and product applications in China through the establishment of a comprehensive automotive chip standards system. It aims to foster an environment for independent innovation in China's automotive chip technologies, enhance overall technical capabilities and international competitiveness, and build a secure, open, and sustainable automotive chip industry ecosystem.

According to the Catalogue for Guiding Industry Restructuring (2024 Edition) (產業結構調整指導目錄(2024年)) promulgated by the National Development and Reform Commission (the "NDRC") on December 27, 2023, and effective from February 1, 2024, the manufacturing of integrated circuits and new-type electronic components falls under Category I "Encouraged" in Section 28 "Information Industry." The Company's principal business is integrated circuit design, which belongs to Category I encouraged projects under the Catalogue.

On October 23, 2025, the 20th Central Committee of the Communist Party of China reviewed and adopted the Proposal of the CPC Central Committee on Formulating the 15th Five-Year Plan for National Economic and Social Development (中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議). The document explicitly states that the state will refine the new nationwide system for mobilizing resources to accomplish major tasks, adopt unconventional measures, and promote coordinated efforts across the entire industrial chain, with the aim of achieving decisive breakthroughs in tackling key core technologies in priority areas including integrated circuits, industrial mother machines, high-end instruments, basic software, advanced materials, and bio-manufacturing.

REGULATIONS ON CORPORATION

Companies established, operated and managed within the PRC are bound by the "Company Law of the PRC (中華人民共和國公司法)" issued by the Standing Committee of the National People's Congress (the "SCNPC") on December 29, 1993, last amended on December 29, 2023, and implemented since July 1, 2024. Under the PRC Company Law currently in force, companies are divided into limited liability companies and joint stock limited companies. The PRC Company Law shall also apply to foreign-invested companies, except where otherwise provided for in foreign investment laws, in which case such provisions shall prevail.

A joint stock limited company (the "joint stock company") is an enterprise legal person incorporated in the PRC in accordance with the PRC Company Law, which has independent legal person property and enjoys rights in relation to such property in its own name. The share capital of a joint stock company may be divided into shares of equal nominal value or shares without nominal value in accordance with the PRC Company Law. A joint stock company is liable for its debts with all of its assets, and the shareholders of a joint stock company shall be liable to the company to the extent of the shares they have subscribed for or held. The shareholders of a joint stock company are entitled, in accordance with applicable PRC laws, regulations and the articles of association, to rights including but not limited to the right to receive returns from the company's assets, the right to participate in major decision-making and the right to elect and be elected as directors and other senior management members.

REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated by the SCNPC on February 22, 1993 and most recently amended on December 29, 2018, producers and sellers shall establish and improve internal product quality control systems, strictly comply with work responsibility systems related to quality standards and quality liability, and implement corresponding inspection measures. Any producer or seller violating this Law may face administrative penalties including ordering cessation of production or sale, ordering rectification of illegal acts, confiscation of illegally produced or sold products, imposition of fines, confiscation of illegal gains, or revocation of business licenses. If the illegal act constitutes a crime, criminal liability shall also be assumed.

REGULATIONS ON CYBERSECURITY, DATA SECURITY AND PRIVACY PROTECTION

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (中華人民共和國網絡安全法), which came into effect on June 1, 2017. The most recent amendment was made on October 28, 2025, and such amendment took effect on January 1, 2026. The Law applies to network construction, operation, maintenance and use within the territory of China, as well as the supervision and administration of cybersecurity. Network operators engaging in business and service activities must comply with laws and administrative regulations, respect social ethics, observe business ethics, act in good faith, fulfill cybersecurity protection obligations, accept supervision by the government and society, and assume social responsibilities.

According to the Cybersecurity Review Measures (網絡安全審查辦法) promulgated on December 28, 2021 (which took effect on February 15, 2022), network platform operators possessing personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when seeking to list abroad. Operators of critical information infrastructure purchasing network products and services shall assess the potential national security risks that may arise after such products and services are put into use. Where national security is affected or may be affected, they shall apply to the Cybersecurity Review Office for cybersecurity review. Where members of the cybersecurity review working mechanism consider that network products, services, and data processing activities affect or may affect national security, the Cybersecurity Review Office shall conduct review in accordance with prescribed procedures upon approval.

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), which took effect on September 1, 2021. The Law stipulates that the state shall establish a data classification and grading protection system and an important data catalogue to strengthen the protection of important data. Processors of important data shall designate data security responsible persons and management institutions, and implement data security protection responsibilities. Relevant competent authorities shall formulate measures for the security administration of important data export. Any company violating the provisions of this Law by providing important data overseas may be subject to administrative penalties, including warnings, fines, suspension for rectification, or revocation of business licenses.

On July 7, 2022, the Cyberspace Administration of China issued the Measures for the Security Assessment of Cross-border Data Transfer (數據出境安全評估辦法), which took effect on September 1, 2022. The Measures stipulate that the security assessment of cross-border data transfer shall adhere to the combination of ex-ante evaluation and continuous supervision, as well as the combination of self-assessment of risks and security assessment, so as to prevent security risks associated with cross-border data transfer and ensure that data flows abroad in a lawful, orderly and free manner. Where a data processor handles or transmits overseas personal information exceeding the specific quantitative thresholds prescribed by the Measures, it shall apply to the Cyberspace Administration of China for security assessment of cross-border data transfer before transmitting any personal information abroad.

The Regulations on Network Data Security Administration (網絡數據安全管理條例) promulgated by the State Council on September 24, 2024 and effective from January 1, 2025 stipulate that where network data processors carry out network data processing activities that affect or may affect national security, they shall conduct national security review in accordance with relevant state regulations. Where network data processing activities conducted outside the territory of the PRC impair the national security, public interests, or the lawful rights and interests of citizens or organizations of the PRC, legal liability shall be pursued in accordance with the law. According to these Regulations, network data processors providing personal information overseas shall comply with specific conditions.

According to the Civil Code of the PRC (中華人民共和國民法典) promulgated by the National People's Congress (the "NPC") on May 28, 2020 and effective from January 1, 2021, the personal information of natural persons shall be protected by law. Information processors shall not disclose or tamper with the personal information they have collected or stored; without the consent of the natural person, they shall not unlawfully provide such personal information to others.

The Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) was promulgated by the SCNPC on August 20, 2021 and took effect on November 1, 2021. The Law stipulates that the personal information of natural persons shall be protected by law, and no organization or individual may infringe upon the personal information rights and interests of natural persons. At the same time, the Law clarifies the definitions and scope of personal information and personal information processing, and sets forth the rights of individuals in personal information processing activities and the obligations of personal information processors.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patents

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) (adopted by the SCNPC on March 12, 1984, revised on October 17, 2020, and effective as of June 1, 2021), the Rules for the Implementation 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 June 15, 2001, revised on December 11, 2023, and effective as of January 20, 2024), and the Announcement of the State Intellectual Property Office on the Interim Measures for Handling Relevant Examination Business Concerning the Implementation of the Revised Patent Law and Its Implementing Rules (國家知識產權局關於施行修改後的專利法及其實施細則相關審查

業務處理過渡辦法的公告) (promulgated by the State Intellectual Property Office on December 21, 2023, and effective as of January 20, 2024), the term of an invention patent is 20 years. The term of a utility model patent and a design patent with a filing date on or before May 31, 2021 is 10 years, while the term of a design patent with a filing date on or after June 1, 2021 is 15 years. All terms shall commence from the filing date.

Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) which was promulgated on August 23, 1982 and last amended on April 23, 2019 and came into effect on November 1, 2019, the Implementation Regulations of the Trademark Law of the PRC (中華人民共和國商標法實施條例) which were issued on August 3, 2002 and last amended on April 29, 2014, the Trademark Office under the China National Intellectual Property Administration of the PRC, (the "Trademark Office"), shall handle trademark registrations and grant a term of 10 years to registered trademarks, which may be renewed for an additional ten-year period upon request from the trademark owner. The Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark, for the registration of which an application is made, does not conform to the relevant provisions of this Law or is identical with or similar to a trademark for the same kind of goods or similar goods that is already registered by another person or is preliminarily approved, the trademark office shall reject the application with no announcement. Any person applying for the registration of a trademark may not prejudice the existing right of others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party' s use. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. Where another party is licensed to use a registered trademark, the licenser shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

Integrated circuit layout-design

Pursuant to the Regulations on the Protection of Integrated Circuit Layout Designs (集成電路佈圖設計保護條例) (the "Protection Regulations"), which were promulgated by the State Council on April 2, 2001 and came into force on October 1, 2001, and the Implementing Rules of the Regulations on the Protection of Layout-Designs of Integrated Circuits (集成電路布圖設計保護條例實施細則) promulgated by the National Intellectual Property Administration on September 18, 2001 and effective from October 1, 2001, layout designs created by natural persons, legal persons or other organizations of the PRC shall enjoy the exclusive rights to such layout designs in accordance with the said Protection Regulations.

The exclusive rights to layout designs shall be established upon registration with the intellectual property administrative department of the State Council. Layout designs that have not been registered shall not be protected by the Protection Regulations. The term of protection for the exclusive rights to layout designs shall be 10 years, calculated from the date of filing the application for registration of the layout design or the date of the first commercial exploitation of the layout design anywhere in the world, whichever is earlier. However, regardless of whether the layout design has been registered or commercially exploited, it shall no longer be protected by the Protection Regulations upon the expiration of 15 years from the date of completion of its creation.

Copyright and Software Registration

Pursuant to the Regulation on Computer Software Protection (計算機軟件保護條例) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated on April 6, 1992 and last amended by the National Copyright Administration on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection

Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. The MIIT is the major regulatory authority of domain names. The registration of domain names in China is on a "first-apply-first-registration" basis. A domain name applicant will become the domain name holder upon completion of the application procedure.

REGULATIONS ON TRADE SECRETS

According to the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法), promulgated by the SCNPC in September 2 1993, amended on November 4, 2017, April 23, 2019 and June 27, 2025 respectively, with the latest revised version having come into effect on October 15, 2025, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item above; (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (4) instigate, induce or assist others to violate confidentiality obligation or to violate a rights holder's requirements on keeping confidentiality of commercial secrets, so as to disclose, use or allow others to use the commercial secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

REGULATIONS ON REAL ESTATES

According to the Land Administration Law of the PRC (中華人民共和國土地管理法), which was promulgated by the SCNPC on June 25, 1986 and last amended on August 26, 2019, and became effective on January 1, 2020, land owned by the State may, in accordance with the provisions of laws and administrative regulations, be allocated for use by entities or individuals. According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例), which were promulgated by the State Council on November 24, 2014, last amended on March 10, 2024 and became effective on May 1, 2024, registration of real estate shall be administered by the real estate registration authorities of the people's governments at or above the county level at the place where the relevant real estate is located.

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 on December 1, 2010 and came into effect on February 1, 2011, the parties to a commodity house lease shall complete the lease registration with the competent construction (real-estate) departments of the municipalities directly under the Central Government, cities and counties where the leased property is located within 30 days after the lease is executed. The competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties

shall order the lease record filing to make corrections within a prescribed time limit, and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on institutions which fail to rectify within the specified time limit.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) (adopted by the SCNPC on July 5, 1994, revised on December 29, 2018, and effective as of December 29, 2018), the Employment Contract Law of the PRC (中華人民共和國勞動合同法) (adopted by the SCNPC on June 29, 2007, revised on December 28, 2012, and effective as of July 1, 2013), and the Implementation Regulations of the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例) (promulgated and implemented by the State Council on September 18, 2008), employers shall conclude a written employment contract when establishing an employment relationship with employees. The wages paid shall not be lower than the local minimum wage standard. Employers shall establish and improve labor rules and regulations in accordance with the law to ensure that employees enjoy labor rights and perform labor obligations.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) (adopted by the SCNPC on October 28, 2010, revised on December 29, 2018, and effective as of December 29, 2018), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) (promulgated by the State Council on January 22, 1999, revised on March 24, 2019, and effective as of March 24, 2019), the Regulation on the Administration of Housing Provident Fund (住房公積金管理條例) (promulgated by the State Council on April 3, 1999, revised on March 24, 2019, and effective as of March 24, 2019), and the Regulation on Work-related Injury Insurance (工傷保險條例) (promulgated by the State Council on April 27, 2003, revised on December 20, 2010, and effective as of January 1, 2011), employers shall open social insurance accounts and housing provident fund accounts within 30 days from the date of employment. They shall also pay social insurance funds including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, and maternity insurance, as well as housing provident fund for their employees. Employers that fail to pay such funds shall be fined and ordered to make up the payment within a specified time limit. According to the Interpretation (II) of the Supreme People's Court on Several 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)) promulgated by the Supreme People's Court on July 31, 2025 and effective from September 1, 2025, where an employer and a worker agree not to pay social insurance or a worker promises to waive payment of social insurance, the people's court shall determine such agreement or promise to be invalid.

According to the Law on the Prevention and Control of Occupational Diseases of the PRC (中華人民共和國職業病防治法) (adopted by the SCNPC on October 27, 2001, most recently amended on December 29, 2018, and effective from the same date), employers shall create working environments and conditions for workers that comply with national occupational health standards and hygiene requirements, and take measures to ensure that workers receive occupational health protection.

REGULATIONS ON IMPORT AND EXPORT

Pursuant to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) (enacted by the SCNPC on May 12, 1994, most recently revised on December 27, 2025, and effective from March 1, 2026), and the Regulations on the Administration of Import and Export of Goods of the PRC (中華人民共和國貨物進出口管理條例) promulgated by the State Council on December 10, 2001, and most recently revised on March 10, 2024, the state permits the free import and export of goods and technologies, except as otherwise provided by laws and administrative regulations.

According to the Export Control Law of the PRC (中華人民共和國出口管制法) promulgated by the SCNPC on October 17, 2020, the state implements a unified export control system through the formulation of control lists, catalogues or directories, and the implementation of export licensing. The state implements a licensing system for the export of controlled items. Export operators engaging in the export of controlled items shall comply with this Law and relevant laws and administrative regulations; where obtaining relevant qualifications for the export of controlled items is required by law, they shall obtain the corresponding qualifications.

Pursuant to the Customs Law of the PRC (中華人民共和國海關法) (promulgated by the SCNPC on January 22, 1987, revised and effective on April 29, 2021), the General Administration of Customs of the People's Republic of China is the state organ responsible for the supervision and administration of the entry and exit of goods and personnel. The Customs shall exercise its jurisdiction in all respects in accordance with relevant laws and administrative regulations. Consignors and consignees of import and export goods, as well as customs declaration enterprises, shall complete customs declaration formalities and conduct filing with the Customs in accordance with the law. According to the Customs Tariff Law of the PRC (中華人民共和國關稅法) promulgated by the SCNPC on April 26, 2024 and effective from December 1, 2024, the consignor of exported goods is the withholding agent for customs duties. Export tariff rates are set for exported goods. Provisional rates may be applied to exported goods for a specified period. According to the Measures for the Administration of Taxation on Import and Export Goods by Customs of the PRC (中華人民共和國海關進出口貨物徵稅管理辦法) promulgated by the General Administration of Customs on October 28, 2024 and effective from December 1, 2024, the tariff rates applicable to import and export goods shall be determined in accordance with the provisions of the Customs Tariff Law regarding most-favored-nation rates, agreement rates, preferential rates, ordinary rates, export rates, tariff quota rates, or provisional rates. According to the Provisions on the Administration of the Registration of Customs Declaration Entities of the PRC (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 China on November 19, 2021 and effective from January 1, 2022, consignees and consignors of import and export goods and customs declaration enterprises applying for customs registration shall obtain the status of market entities; among them, consignees and consignors of import and export goods applying for registration shall also obtain registration as foreign trade operators.

REGULATIONS ON FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments for current account transactions may be made with foreign exchange owned by the payer, or with the foreign exchange purchased from financial institutions duly authorized for foreign exchange sale and purchase operations with the presence of such valid documents as specified by the foreign exchange administration department of the State Council. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council. According to the Administrative Provisions on the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) promulgated by the People's Bank of China on June 20, 1996 and effective from July 1, 1996, domestic institutions, resident individuals, institutions stationed in China and personnel coming to China shall handle the settlement of foreign exchange, purchase of foreign exchange, opening of foreign exchange accounts and external payments in accordance with these Provisions.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (關於境外上市外匯管理有關問題的通知) issued by SAFE on December 26, 2014, the domestic companies shall complete the overseas listing foreign exchange registration with the branch of the SAFE at its place of registration within 15 working days from

the date of completion of its overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

REGULATIONS ON TAXATION

Enterprise Income Tax ("EIT")

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) (adopted by the NPC on March 16, 2007, revised on December 29, 2018, and effective as of December 29, 2018; the "Enterprise Income Tax Law"), 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税法實施條例) (promulgated by the State Council on December 6, 2007, revised and promulgated on December 6, 2024, and effective as of January 20, 2025; the "Regulations on the Implementation of the Enterprise Income Tax Law"), and the Administrative Measures for the Recognition of High and New Technology Enterprises (高新技術企業認定管理辦法) (promulgated by the Ministry of Science and Technology, the MOF and the SAT on January 29, 2016, and implemented on January 1, 2016), a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the state. High and new technology enterprises ("HNTEs") which are supported by the state may enjoy a reduced EIT rate of 15%.

On May 17, 2019, the Ministry of Finance (the "MOF") and the State Taxation Administration (the "SAT") jointly promulgated the Announcement on Enterprise Income Tax Policies for Integrated Circuit Design and Software Industries (關於集成電路設計和軟件產業企業所得税政策的公告). Pursuant to the provision, integrated circuit design enterprises and software enterprises satisfying the criteria shall enjoy an incentive period with effect from their profit-making year(s) prior to December 31, 2018, and be exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year, until the incentive period expires.

In December 2020, the MOF, the SAT, the NDRC, and the MIIT jointly issued the Announcement on Corporate Income Tax Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry (關於促進集成電路產業和軟件產業高質量發展企業所得税政策的公告). Pursuant to the aforesaid regulation, key integrated circuit design enterprises and software enterprises encouraged by the state shall be exempt from corporate income tax for the first to fifth years starting from the profit-making year, and shall pay corporate income tax at a reduced rate of 10% for the subsequent years.

On May 21, 2022, the SAT issued the Guidelines on Tax Preference Policies for Software and Integrated Circuit Enterprises (軟件企業和集成電路企業税費優惠政策指引). For the purpose of facilitating timely knowledge of applicable tax policies, the foregoing guidelines have clearly demonstrated preference contents, conditions and policy basis for integrated circuit enterprises. For example, integrated circuit design, equipment, material, packaging, and testing enterprises encouraged by the state may enjoy periodic reductions and exemptions of corporate income tax; and key integrated circuit design enterprises encouraged by the state may also enjoy periodic reductions and exemptions of corporate income tax.

Value-Added Tax ("VAT")

Pursuant to the Value-Added Tax Law of the PRC (中華人民共和國增值税法), promulgated by the SCNPC on December 25, 2024 and came into effect on January 1, 2026, and the Regulation on the Implementation of the Value-Added Tax Law of the PRC (中華人民共和國增值税法實施條例), promulgated by the State Council on December 25, 2025 and came into effect on January 1, 2026 (collectively, the "**VAT Law**"), entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets, or real estate within the territory of the PRC, or in the importation of goods, shall be considered VAT taxpayers and shall pay the value-added tax. The VAT rates generally applicable are simplified as 13%, 9%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%.

On January 30, 2026, the MOF and the SAT jointly promulgated the Announcement of the MOF and the SAT on Value-added Tax and Consumption Tax Policies for Export Business (財政部、税務總局關於出口業務增值税和消費税政策的公告) (the "Export Business Announcement"), which took effect retroactively from January 1, 2026. According to the Export Business Announcement, except for the value-added tax export rebate rates specifically determined by the MOF and the SAT pursuant to State Council decisions, the rebate rate for export business shall be the applicable tax rate. Where taxpayers engage in export business, value-added tax for the export link shall be exempted, and the corresponding input tax shall be credited against the value-added tax payable, with any uncredited portion refunded.

Pursuant to the Notice of the MOF and the SAT on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (財政部、税務總局關於集成電路企業增值税加計抵減政策的通知), which was promulgated on April 20, 2023, from January 1, 2023 to December 31, 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.

REGULATIONS ON FOREIGN INVESTMENT

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "FIL"), which was promulgated by the NPC on March 15, 2019, and came into effect on January 1, 2020, defines "foreign investment" as investment activities conducted within China, either directly or indirectly, by foreign individuals, enterprises or other organizations (collectively, "Foreign Investors"). The FIL further adopts the management system of negative list for foreign investment. The "negative list" referred to in the preceding paragraph means the special administrative measures for the access of foreign investment in specific sectors as stipulated by the State. The State accords national treatment to foreign investments outside the negative list. The negative list shall be issued by, or with the approval of, the State Council.

In December 2019, the State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) (the "Implementation Rules") which came into effect in January 2020. The Implementation Rules further clarified that the state shall encourage and promote foreign investment, protect the lawful rights and interests in foreign investments, regulate foreign investment administration, continue to optimize foreign investment environment and advance a higher-level opening.

According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) promulgated by the NDRC and the Ministry of Commerce on December 19, 2020 and effective from January 18, 2021, security review shall be conducted on foreign investment that affects or may affect national security in accordance with the provisions of these Measures.

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 version) (外商投資准入特別管理措施(負面清單)(2024年版)), and the Catalogue of Industries for Encouraging

Foreign Investment (2025 Version) (鼓勵外商投資產業目錄(2025年版)) (the "Encouraging List") was promulgated on December 15, 2025 and took effect on February 1, 2026. The Negative List sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and the Encouraging List sets out the encouraged industries for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment for domestic and foreign investment. Our business as currently conducted does not fall within the confines of the Negative List and is not subject to special administrative measures.

REGULATIONS ON OVERSEAS INVESTMENT

Pursuant 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 December 26, 2017 and effective as of March 1, 2018), domestic enterprises of the PRC engaging in overseas investment shall complete formalities such as approval and filing for overseas investment projects, report relevant information, and cooperate with supervision and inspection. The scope of approval-based administration covers sensitive projects carried out by investment entities directly or through overseas enterprises controlled by them; the scope of filing-based administration covers non-sensitive projects directly carried out by investment entities, i.e., non-sensitive projects involving the direct input of assets, equities, or the provision of financing or guarantees by investment entities.

Pursuant to the Measures for the Administration of Overseas Investment (境外投資管理辦法) (promulgated by the Ministry of Commerce on March 16, 2009, revised on September 6, 2014, and effective as of October 6, 2014), the Ministry of Commerce and provincial competent commercial departments shall implement filing and approval administration respectively based on different circumstances of enterprises' overseas investment. Where an enterprise's overseas investment involves any sensitive country or region, or any sensitive industry, approval-based administration shall apply. For all other circumstances of overseas investment, filing-based administration shall apply. According to the Provisions on the Administration of Foreign Exchange for Overseas Direct Investment by Domestic Institutions (境內機構境外直接投資外匯管理規定) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009, and the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies for 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 SAFE on February 13, 2015, abolishing the approval requirement for foreign exchange registration of direct investment. Banks shall directly examine and process foreign exchange registration for overseas direct investment. The SAFE and its branches shall exercise indirect supervision over foreign exchange registration for overseas direct investment through banks.

REGULATIONS RELATING TO OVERSEAS SECURITIES [REDACTED]

Securities Law

According to the Securities Law of the PRC (中華人民共和國證券法) (the "PRC Securities Law"), which was promulgated by the SCNPC on December 29, 1998, and was last amended on December 28, 2019 and came into effect on March 1, 2020, securities activities in the PRC, including the issuance and trading of securities, takeovers of listed companies, the activities of stock exchanges and securities companies, as well as the functions and responsibilities of securities regulatory authorities, are comprehensively regulated. The PRC Securities Law further provides that domestic enterprises which offer or list their securities overseas, whether directly or indirectly, shall comply with the relevant provisions of the State Council, and that detailed measures in respect of the subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the CSRC is the securities regulatory authority established by the State Council to supervise and administer the securities market in accordance with the law, maintain market order and ensure the lawful operation of the securities market.

Overseas Securities [REDACTED]

The CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法) (the "Overseas Listing Trial Measures") and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The CSRC promulgated the Notice on the Filing Administration Arrangements for Overseas Issuance and Listing of Domestic Enterprises (關於境內企業境外發行上市備案管理安排的通知) on February 17, 2023, which came into force on February 17, 2023.

The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system. According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days thereafter. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed.

Pursuant to the Opinions on Severely Crackdown on Illegal Securities Activities in Accordance with the Law (關於依法從嚴打擊證券違法活動的意見) (promulgated and effective as of July 6, 2021) jointly issued by the General Office of the Communist Party of China Central Committee and the General Office of the State Council on July 6, 2021, it is emphasized that cross-border regulatory cooperation shall be strengthened, relevant laws and regulations on data security, cross-border data flow, and classified information management shall be improved, the provisions on strengthening the confidentiality and archives management related to overseas securities issuance and listing shall be revised promptly, the primary responsibility of overseas listed companies for information security shall be consolidated, and the standardized management of mechanisms and processes for cross-border information provision shall be enhanced.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of 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 "Provision on Confidentiality"), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a 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 listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the 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 concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the state.

The Notice of the People's Bank of China and the State Administration of Foreign Exchange on Matters Concerning the Administration of Funds Raised by Domestic Enterprises from Overseas Listings (中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知) was promulgated on December 24, 2025, and will take effect on April 1, 2026. According to this Notice, funds raised by domestic enterprises from overseas listings shall, in principle, be promptly remitted back to the territory of China. Where such funds are retained overseas for conducting overseas direct investment, overseas securities investment, overseas lending, or other businesses, approval or filing documents from the competent business department shall be obtained prior to the completion of the [**REDACTED**] or the completion of the [**REDACTED**], and the relevant cross-border fund administration regulations shall be complied with.

REGULATIONS ON U.S. EXPORT CONTROL AND OUTBOUND INVESTMENTS

U.S. Export Control Regulations

The Export Administration Regulations (the "**EAR**"), administered by the U.S. Department of Commerce, Bureau of Industry and Security ("**BIS**"), govern the export and re-export of items "subject to the EAR." An item is subject to the EAR if it falls into any of the following four categories: (1) it is exported from the United States; (2) it is produced or manufactured in the United States; (3) it is the foreign direct product of certain U.S.-origin technology or software (known as the Foreign Direct Product Rule or "FDPR") or a plant containing items that are the direct product of this technology or software; and/or (4) the foreign-origin item incorporates more than a *de minimis* amount of controlled U.S.-origin parts, materials and/or components (known as the "*de minimis* rule"). The specific controls that apply depend on the classification of the product, the countries and parties involved in the transaction, and the end-use. The EAR also control releases, or transfers, of source code or technology to a foreign national physically located within the United States (a "deemed export").

BIS maintains the Entity List, which is a compilation of foreign individuals, companies, and organizations that are considered a national security concern by the U.S. government. Individuals and entities included on the Entity List are subject to specific export and re-export restrictions, and licensing requirements for certain technologies and goods. BIS also maintains other lists of restricted parties including the Denied Persons List and the Unverified List.

BIS also prohibits engaging in transactions where the seller knows or has reason to know that the products to be transferred (or re-transferred or re-exported) are destined for a prohibited end-user or end-use.

U.S. Regulations on Outbound Investments

On August 9, 2023, the U.S. government issued an executive order, and the U.S. Department of the Treasury ("**Treasury**") published an advanced notice of proposed rulemaking providing a conceptual framework for U.S. outbound investment controls focused on China, including Hong Kong and Macau. To implement the executive order, on October 28, 2024, Treasury issued a final rule on the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Final Rule**"), which implements the Outbound Investment Security Program ("**OISP**"), which took effect on January 2, 2025.

The OISP targets investments by U.S. persons that involve persons and entities associated with "countries of concern," currently China, including Hong Kong and Macau. The OISP imposes investment prohibitions and notification requirements on "covered transactions" by U.S. persons (including U.S.-incorporated entities, U.S. citizens and permanent residents wherever located, branches of U.S. entities outside the United States, and any person in the United States) or their non-U.S. person subsidiaries in "covered foreign persons," broadly covering companies engaged in certain covered activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. For example, covered activities under the Final Rule concerning semiconductors and microelectronics include electronic design automation software; certain fabrication and advanced packaging tools; and the design, fabrication, or packaging of certain advanced integrated circuits. Covered transactions related to the design, fabrication, or packaging of integrated circuits that are not otherwise covered by the Final Rule's prohibited transaction definition are subject to its notification requirement.

A "covered transaction" includes certain purchases of equity interests and contingent equity interests, debt financing, joint ventures, and investments as a limited partner in a pooled investment fund, involving covered foreign persons. A "covered foreign person" includes (i) a person of a country of concern that engages in a covered activity, and (ii) a person that directly or indirectly holds relevant interests (including a board seat, a voting or equity interest, or contractual power to direct or cause the direction of the management or policies) in persons of a country of concern engaged in covered activities that contributed, individually or in the aggregate, at least 50% of its

consolidated revenue, net income, capital expenditures or operating expenses for the most recent year. As advised by DLA Piper, we are likely to be deemed a "Covered Foreign Person" engaged in the design of semiconductors specified in the OISP. Specifically, we are engaged in the design of integrated circuits that are covered by the definition of "notifiable transaction" but not covered by the definition of "prohibited transaction" (each as defined in the Final Rule). However, as discussed below, U.S. persons (as defined in the Final Rule) may be able to rely on the exception for publicly traded securities (the "Publicly Traded Securities Exception") for their [**REDACTED**] of our H Shares in the [**REDACTED**].

The Final Rule requires U.S. persons that are the parents of non-U.S. person entities to "take all reasonable steps to prohibit and prevent any transaction by" their non-U.S. entities that would be a prohibited transaction if engaged in by a U.S. person. The OISP's notification requirements also apply to U.S. persons that are the parents of non-U.S. person entities that enter into transactions that would be notifiable transactions if entered into by a U.S. person. In addition, the Final Rule prohibits U.S. persons from knowingly directing a non-U.S. person to enter into a transaction that would be prohibited if entered into by a U.S. person.

The Final Rule includes certain exceptions, which, if applicable, exclude from the OISP's prohibitions and notification requirements a transaction that would otherwise be either a prohibited transaction or a notifiable transaction if engaged in by a U.S. person. These exceptions include the Publicly Traded Securities Exception, which is applicable to certain U.S. person investments in publicly traded securities that are traded on a national stock exchange or the over-the-counter markets, provided that such U.S. persons are not afforded rights beyond standard minority shareholder protections with respect to the issuer. Following completion of the [**REDACTED**], our H Shares will be listed and authorized to be publicly traded on the Stock Exchange and therefore would be considered "publicly traded securities" under the Final Rule, as would our A Shares traded on the Shanghai Stock Exchange. This means that a purchase of such "publicly traded securities" by a U.S. person or its non-U.S. person subsidiaries after the completion of the [**REDACTED**] or our other publicly traded securities would be eligible for the Publicly Traded Securities Exception, provided that such U.S. person or its non-U.S. person subsidiaries are not afforded rights beyond standard minority shareholder protections with respect to our Company.

U.S. persons may be able to rely on the Publicly Traded Securities Exception for their purchases of our H Shares in the [**REDACTED**]. On December 23, 2025, the Treasury issued new guidance regarding compliance with the Final Rule in the form of frequently asked questions in respect of the OISP (the "Treasury FAQ," available at https://home.treasury.gov/policy-issues/international/outbound-investment-program/frequently-asked-questions). This new guidance included questions on the scope of the Publicly Traded Securities Exception. In one of the questions, Treasury FAQ X.4., the Treasury stated that absent additional facts, if a U.S. person acquires a publicly traded security that, at the time of such acquisition, is publicly traded, the security falls within the description of "publicly traded security" for purposes of the Publicly Traded Securities Exception. Because the granting of the approval of the Listing Committee of the Stock Exchange for the [**REDACTED**] of the H Shares is a condition to the completion of the [**REDACTED**] and investors in the [**REDACTED**] will therefore receive publicly traded securities, the Treasury's view on the availability of the Publicly Traded Securities Exception expressed in FAQ X.4. may be applicable to a U.S. person's acquisition of our H Shares in the [**REDACTED**]. As discussed above, the Publicly Traded Securities Exception is not available if the transaction affords the U.S. person rights beyond standard minority shareholder protections with respect to the issuer of the securities. Investors seeking to rely on the Publicly Traded Securities Exception must make their own determinations as to their obligations under the Final Rule, and they should consult their own counsel if they have questions.

Failing to comply with the Final Rule's notification requirements or provide accurate and complete information in the filing under the Final Rule may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US$377,700 (as such amount may be adjusted for inflation), and — for willful violations — criminal penalties of fines of up to US$1 million and imprisonment of up to 20 years.