

REGULATORY OVERVIEW

LAWS, REGULATIONS AND POLICIES OF THE PRC

This section summarizes certain aspects of the laws, regulations and policies of the PRC relating to the Company’s business operations.

Laws and Regulations on E-commerce

According to the E-commerce Law of the People’s Republic of China (《中華人民共和國電子商務法》), which was promulgated by the Standing Committee of the National People’s Congress (the “NPCSC”) on August 31, 2018, came into effect on January 1, 2019, and set out fundamental regulations for e-commerce operators’ business activities. Under this Law, an e-commerce operator shall follow the principles of willingness, equality, fairness, and good faith in their business operations, abide by the laws and business ethics, participate fairly in market competition, fulfill their obligations in aspects such as protection of consumer rights and interests, protection of environment, protection of intellectual property rights, cybersecurity, and protection of personal data, and assume responsibility for the quality of its products and services.

Laws and Regulations on Product Quality

According to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), which was latest amended by the NPCSC on December 29, 2018, and came into effect on the same day, the market regulatory authority of the State Council is responsible for the supervision of product quality nationwide. Production and sales of products that do not meet relevant standards and requirements for safeguarding human health and property safety are prohibited. Products must be free from unreasonable risks that endanger personal and property safety. For any personal injury or property damage caused by a defective product, the injured party may claim damages from the producer or the seller. Any enterprise and any seller that produces or sells sub-standard products may be ordered to cease the production and selling activities, and may have their products confiscated and/or be fined; if there is illegal income, such illegal income is subject to confiscation; in serious cases, their business license may be revoked.

According to the Provisions on the Administration of Compulsory Product Certification (《強制性產品認證管理規定》), which was latest amended by the State Administration for Market Regulation on September 29, 2022, and came into effect on November 1, 2022, with respect to the products subject to compulsory product certification, the state has catalog of products (the “Catalog”), a uniform compulsory technical requirements, standards and compliance review procedures, a uniform certification marks and a uniform fee-charging standards. The producers, the distributors and the importers of the products listed in the Catalog shall entrust the certification bodies designated by State Administration for Market Regulation to certify the products produced, sold or imported by them.

Pursuant to the Compulsory Product Certification Implementation Rules for Power Banks, Lithium-Ion Batteries, and Battery Packs (Trial) (《強制性產品認證實施規則移動電源、鋰離子電池和電池組(試行)》) promulgated by the National Certification and Accreditation Administration on July 28, 2025, and came into effect on August 15, 2025, the relevant designated certification bodies shall, in accordance with the New Rules and the general implementation rules for compulsory product certification, formulate corresponding detailed implementation documents for certification, and may implement certification and issue certificates pursuant to the New Rules only after filing such documents with the National Certification and Accreditation Administration. Valid compulsory product certificates issued prior may continue to be used, and the conversion of certificates shall be completed through natural transitions such as renewal upon expiration, product changes, and revisions to standards.

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According to the Interim Provisions on the Administration of Consumer Product Recalls (《消費品召回管理暫行規定》) promulgated by the State Administration for Market Regulation on November 21, 2019, and came into effect on January 1, 2020, manufacturers shall be responsible for the safety of the consumer products they produce. If a consumer product is defective, the manufacturer shall initiate a recall.

Laws and Regulations on Import and Export

According to the Regulation of the People’s Republic of China on Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), which was latest amended by the State Council on March 10, 2024, and came into effect on May 1, 2024, the state allows free import and export of goods and maintains the fairness and orderliness of import and export trading in accordance with the laws. Unless it is expressly prohibited or restricted by laws and administrative regulations, no entity or individual may establish or maintain prohibitive or restrictive measures on import and export of goods.

According to the Customs Law of the People’s Republic of China (《中華人民共和國海關法》), which was latest amended by the NPCSC on April 29, 2021, and came into effect on the same day, the Customs is the government agency that supervises and controls over the goods entering and leaving the customs territory. It has the power to supervise and control the means of transport, goods, travelers’ luggage, postal items, and any other items entering and leaving the customs territory, collect customs duties and any other taxes and fees, suppress smuggling, compile customs statistics, and handle any other customs operations. Declaration entities refer to the consignees of imported goods, the consignors of exported goods, and the customs declaration entities registered with the customs. The consignees of imported goods and the consignors of exported goods may handle customs declaration procedures by themselves or entrust an agent to handle such procedures.

According to the Law of the People’s Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》), which was latest amended by the NPCSC on April 29, 2021, and came into effect on the same day, and the Regulations for the Implementation of the Law of the People’s Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》), which was latest amended by the State Council on March 29, 2022, and came into effect on May 1, 2022, the General Administration of Customs of the People’s Republic of China (the “GAC”) is in charge of the import and export commodity inspection of the whole country. The entry-exit inspection and quarantine agency under it conducts inspection on import and export of the commodities listed in the Catalog and import and export of any other commodities that are subject to the inspection by the entry-exit inspection and quarantine agencies as stipulated by laws and administrative regulations. For import and export of commodities not subject to the aforementioned inspections, the entry-exit inspection and quarantine agency conducts random inspections in accordance with the state’s regulations. Imported commodities that are subject to inspection but have not been inspected are not allowed to be sold or used. Exported commodities that are subject to inspection but have not been inspected or have failed the inspection are not allowed to be exported. The consignees or the consignors of imported and exported commodities may handle inspection declaration procedures by themselves or entrust inspection and customs declaration entities to handle such procedures.

According to the Provisions on the Recordation of Customs Declaration Entities of the People’s Republic of China (《中華人民共和國海關報關單位備案管理規定》), which was promulgated by the GAC on November 19, 2021, and came into effect on January 1, 2022, the consignees and the consignors of imported and exported goods and the customs declaration entities are required to apply for recordation with the customs. The recordation information will be published through the Credit Publicity Platform of Import and Export Business of Customs of the People’s Republic of China (中國海關企業進出口信用信息公示平台).

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Laws and Regulations on Consumer Protection

According to the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), which was latest amended by the NPCSC on October 25, 2013, and came into effect on March 15, 2014, business operators shall, in provision of the goods they produce or sell or provision of services, to the consumers, abide by the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests. If a business operator fails to fulfill its obligation of consumer safety and causes damage to the consumers, it is subject to liability under tort law. If a business operator provides goods or services in violation of relevant provisions of the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests, which infringes on the legitimate rights and interests of consumers and constitutes a crime, such business operator is rendered liable for criminal investigation in accordance with the law.

According to the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), which was amended by the State Administration for Market Regulation on March 18, 2025, and came into effect on May 1, 2025, the commercial activities of selling goods or providing services through the Internet or any other information networks are regulated. Operators engaged in online transactions shall complete the registration of market entities in accordance with the law unless any law provides otherwise, truthfully disclose their business licenses and information on their products/services, adhere to the principles of willingness, fairness, and good faith, protect the rights and interests of consumers, and are not allowed to operate without licenses, make false misrepresentation, or sell counterfeit or sub-standard goods. Operators must accept the supervision and inspection of market regulatory authorities.

Laws and Regulations on Anti-unfair Competition

According to the Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) (the “**Anti-Unfair Competition Law**”), which was latest amended by the NPCSC on June 27, 2025, and came into effect on October 15, 2025, business operators shall follow the principles of willingness, equality, fairness, and good faith in their production and business activities, and abide by laws and business ethics. The act of unfair competition under the Anti-Unfair Competition Law means any act of a business operator in its production or business activities that violates the provisions of the Anti-Unfair Competition Law, disrupts the order of market competition, and causes damage to the legitimate rights and interests of other business operators or consumers. Business operators who violate the provisions of the Anti-Unfair Competition Law are subject to civil, administrative, or criminal liability depending on the specific circumstances.

According to the Anti-Monopoly Law of the People’s Republic of China (《中華人民共和國反壟斷法》) (the “**Anti-Monopoly Law**”), which was latest amended by the NPCSC on June 24, 2022, and came into effect on August 1, 2022, the Anti-Monopoly Law applies to the monopolistic conducts in economic activities within the territory of the PRC, and the monopolistic conducts outside the territory of the PRC that have eliminating or restricting the domestic market competition. The term “monopolistic conducts” stipulated in the Anti-Monopoly Law include monopoly agreements reached between business operators, abusing by a business operator of its dominant market position, and the concentration of operators that has or may have the effect of eliminating or restricting market competition. The agency responsible for anti-monopoly law enforcement designated by the State Council is responsible for anti-monopoly law enforcement in accordance with the provisions of the Anti-Monopoly Law. The anti-monopoly law enforcement agency under the State Council may, as required to cope with the workload, delegate the corresponding agencies of the people’s governments of provinces, autonomous regions, and municipalities directly under the Central Government to be responsible for relevant anti-monopoly

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law enforcement. If an operator violates the provisions of the Anti-Monopoly Law, it may be liable for a fine imposed, have its illegal income confiscated, or be ordered to cease the illegal acts, by the anti-monopoly law enforcement agency.

Laws and Regulations on Advertising

According to the Advertising Law of the People’s Republic of China (《中華人民共和國廣告法》), which was latest amended by the NPCSC on April 29, 2021, and came into effect on the same day, advertisements are not allowed to contain false or misleading content, and to deceive or mislead consumers. Advertising endorsers who make recommendations or provide proof for products or services in advertisements shall do so based on facts and comply with this Law and relevant laws and administrative regulations, and is not allowed to make recommendations or provide proof for any products they have not used or services they have not received.

According to the Measures for the Administration of Internet Advertising (《互聯網廣告管理辦法》), which was promulgated by the State Administration for Market Regulation on February 25, 2023, and came into effect on May 1, 2023, Internet advertisements should be identifiable so that consumers can recognize them as advertisements. Advertisers are responsible for the authenticity of the content of Internet advertisements.

Laws and Regulations on Foreign Investment, Overseas Investment, and Foreign Exchange Regulation

Foreign investment

According to the Company Law of the People’s Republic of China (《中華人民共和國公司法》), which was amended by the NPCSC on December 29, 2023, and came into effect on July 1, 2024, companies established within the territory of the PRC may take the form of limited liability companies or joint-stock limited companies. A company has the status of a legal person and has separate property. The Company Law of the People’s Republic of China also applies to foreign-invested enterprises.

According to the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》), which was promulgated by the National People’s Congress on March 15, 2019, and came into effect on January 1, 2020, and the Regulation for Implementation of the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019, and came into effect on January 1, 2020, the state implements the management systems of pre-establishment national treatment and negative list for foreign investment. Foreign investors are not allowed to invest in any field forbidden by the negative list for foreign investment; for any field restricted by the negative list, foreign investors shall conform to the investment conditions as required; fields not included in the negative list are managed under the principle that domestic investment and foreign investment shall be treated uniformly. Meanwhile, the competent government authorities may, based on the needs of national economy and social development, formulate a catalogue of encouraged industries for foreign investment, stipulating the specific industries, fields and areas in which foreign investors are encouraged and guided to invest.

Laws and regulations on overseas investment

According to the Administrative Measures for Overseas Investment (《境外投資管理辦法》), which was promulgated by the Ministry of Commerce on September 6, 2014, and came into effect on October 6, 2014, the Ministry of Commerce and provincial competent commerce authorities carry out administration either by record-filing or approval, depending on different circumstances

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of overseas investment by enterprises. Overseas investment by an enterprise that involves sensitive countries and regions or sensitive industries is subject to administration by approval. Overseas investment by an enterprise that falls in any other circumstances is subject to administration by record-filing.

According to the Measures for Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》), which was promulgated by the NDRC on December 26, 2017, and came into effect on March 1, 2018, for a domestic enterprise of the PRC (the “**Investment Entity**”) to make an overseas investment, it shall obtain approval or complete record-filing for overseas investment projects (the “**Projects**”), report relevant information, and cooperate with supervision and inspection. The scope of approval covers sensitive Projects carried out by investors directly or through overseas enterprises controlled by them. The scope of record-filing covers non-sensitive Projects directly carried out by investors, which are non-sensitive Projects involving the direct contribution of assets or interests, or provision of financing or guarantee by the Investment Entity. The Catalogue of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), which was promulgated by the NDRC on January 31, 2018, and came into effect on March 1, 2018, sets out specific sensitive industries in detail.

Laws and regulations on foreign exchange regulation

According to the Regulation of the People’s Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on August 5, 2008, and came into effect on the same day, international balance of payments for transaction items, including those related to goods, services, income and current transfers, are regarded as current accounts, under which the foreign exchange payments may, in accordance with the regulations on foreign exchange payment and purchase of the foreign exchange administration department of the State Council, be paid with self-owned foreign exchange or by purchasing foreign exchange with valid invoices and documents from financial institutions engaged in foreign exchange settlement and sales business. Domestic entities and individuals shall go through registration procedures in accordance with the regulations of the foreign exchange administration department of the State Council when making direct overseas investments or offering and trading of marketable securities and derivatives overseas.

According to the Circular on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listings (《關於境外上市外匯管理有關問題的通知》), which was promulgated by the State Administration of Foreign Exchange on December 26, 2014, and came into effect on the same date, a domestic company shall, within 15 business days from the date of the end of its overseas listing and issuance, register the overseas listing with the local foreign exchange administration at the place of its incorporation. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds is consistent with that listed in the document and any other public disclosure documents.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies for 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》), which was promulgated by the State Administration of Foreign Exchange in February 13, 2015 and came into effect on June 1, 2015 (which was partially abolished in December 2019), the approval of the foreign exchange registration for overseas direct investment has been abolished. Banks shall directly examine and handle the foreign exchange registration for overseas direct investment. The State Administration of Foreign Exchange and its branches implement indirect supervision over the foreign exchange registration for overseas direct investment through banks.

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Laws and Regulations on Intellectual Property Right

Patents

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》) (the “**Patent Law**”), which was latest amended by the NPCSC on October 17, 2020, and came into effect on June 1, 2021, and the Rules for the Implementation of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), which was latest amended by the State Council on December 11, 2023, and came into effect on January 20, 2024, patents are classified into three categories: invention, utility model, and design. The period for an invention patent right is twenty years, the period for a utility model patent right is ten years, and the period for a design patent right is fifteen years, all commencing from the date of application. After an invention or utility model patent is granted, unless otherwise provided in the Patent Law, no entity or individual may exploit the patent without the permission of the patentee, that is, to make, use, promise the sale of, sell, or import the patented product, or use the patented process, or use, promise the sale of, sell, or import the product directly obtained from the patented process for production and business purposes. After a patent is granted for a design, no entity or individual may exploit the patent without the permission of the patentee, that is, to make, promise the sale of, sell, or import the product incorporating the patented design for production and business purposes.

Trademarks

According to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), which was latest amended by the NPCSC on April 23, 2019 and came into effect on November 1, 2019, and the Regulation on the Implementation of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》), which was latest amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, trademarks registered upon approval by the Trademark Office are registered trademarks. Trademark registrants enjoy the exclusive right to use the trademarks, which are protected by law. The period of validity of a registered trademark is ten years, commencing from the date of approval of the registration. For continuous using the registered trademark after the expiration of the period of validity, the trademark registrant has to go through the renewal formalities as required within twelve months before the expiration. If the renewal formalities are not completed within this period, a grace period of six months may be granted. The period of validity for each renewal registration is ten years, commencing from the date after the expiration of the previous period of validity of the trademark. If the renewal formalities are not completed upon expiration, the registered trademark will be cancelled.

Copyright

According to the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), which was latest amended by the NPCSC on November 11, 2020 and came into effect on June 1, 2021, and the Regulations for the Implementation of the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法實施條例》), which was latest amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, citizens, legal persons or any unincorporated bodies of the PRC enjoy copyrights in their works, regardless of whether published or not, in accordance with the law. Works refer to intellectual creations in the fields of literature, art and science, which possesses originality and are capable of being expressed in a certain form. Copyright owners enjoy a number of personality rights and property rights, including the right of publication, the right of authorship, the right of alteration, the right of integrity, the right of reproduction, the right of distribution, the right of rental, the right of exhibition, the right of performance, the right of projection, the right of broadcasting, the right of information network dissemination, the right of cinematography, the right of adaptation, the right of translation, the right of compilation, and any other rights that are vested to the copyright owner.

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According to the Regulation on the Protection of Computer Software (《計算機軟件保護條例》), which was latest amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was latest amended by the National Copyright Administration on June 18, 2004 and came into effect on July 1, 2004, computer software (the “Software”) refers to computer programs and their related files. Citizens, legal persons, or any other entities of the PRC enjoy copyright in accordance with the Regulation on the Protection of Computer Software for the software they develop, whether published or not. Software copyright arises from the date of completion of development of such software. The period for which the software copyright of a legal person or any other entity is protected is 50 years, ending on December 31 of the 50th year after the first publication of the software. However, if a software remains unpublished within 50 years from the date of completion of its development, it will no longer be protected.

Domain names

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology is responsible for supervision and administration of domain name services nationwide. Domain name registration is handled by domain name registration service agencies established in accordance with relevant regulations. An applicant, once the registration having been successfully completed, becomes the domain name holder.

Laws and Regulations on Transfer Pricing

Pursuant to the EIT Law and its implementation rules and the Law of the People’s Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》), which was first promulgated on September 4, 1992 by the NPCSC and amended on February 28, 1995, April 28, 2001, June 29, 2013 and April 24, 2015, related party transactions should comply with the arm’s length principle. In the event that the related party transactions fail to comply with the arm’s length principle resulting in the reduction of the enterprise’s taxable income, the tax authority has power to make adjustments with reasonable methods within ten years from the tax paying year that the non-compliant related party transaction had occurred. Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form (年度關聯業務往來報告表) to the tax authority.

Based on the Announcement of the State Administration of Taxation on Matters Relating to the Improvement of Affiliated Declaration and Contemporaneous Document Management (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》) promulgated and became effective on June 29, 2016, enterprises which have related-party transactions shall prepare their contemporaneous documentation of related-party transactions (同期資料) per tax year and submit to the tax authority if required by the same. Contemporaneous documentation includes the master file (主體文檔), local file (本地文檔) and special issue file (特殊事項文檔), each of which is applied to different circumstances in relation to the related-party transactions of the PRC company.

According to the Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Special Tax Investigation Adjustments and Mutual Agreement Procedures (《國家稅務總局關於發佈特別納稅調查調整及相互協商程序管理辦法的公告》) which partially repealed the Implementation Regulations for Special Tax Adjustments (Trial) (《特別納稅調整實施辦法(試行)》), and was issued on March 17, 2017 and became effective on May 1, 2017 and was amended on June 15, 2018, if an enterprise receives a special tax adjustment risk warning from tax authorities or detects in itself any special tax adjustment risk, the enterprise may carry out voluntary adjustments regarding tax payment matters and the relevant tax authority may still proceed with special tax investigation adjustment procedures according to the relevant provisions.

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Laws and Regulations on Cybersecurity and Data Security

According to the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), which was latest amended by the NPCSC on October 28, 2025, and came into effect on January 1, 2026, network operators are defined as the owners, administrators, and providers of network services. When conducting business activities and providing services, network operators shall abide by laws and regulations and fulfill their obligations for network security protection. For construction or operation of the networks or provision of services through the networks, operators shall, in accordance with the provisions of laws and regulations and the mandatory requirements of national standards, adopt technical measures and any other necessary measures to ensure the safe and stable operation of the networks, effectively respond to cybersecurity incidents, prevent illegal and criminal activities committed on the network, maintain the integrity, confidentiality, and availability of network data. In addition, network operators are not allowed to collect personal data unrelated to the services they provide, or collect or use any personal data in violation of laws, regulations and the agreement between the two parties.

According to the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), which was promulgated by the NPCSC on June 10, 2021, and came into effect on September 1, 2021, the state has established a classification and hierarchical system for data protection to classify, and provide hierarchical protection to, the data. Entities that carry out data processing activities are required to establish and improve their full-process data security management systems, organize data education and training, and take corresponding technical measures and any other necessary measures to ensure data security in accordance with the provisions of laws and regulations.

According to the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), which was promulgated by the NPCSC on August 20, 2021, and came into effect on November 1, 2021, personal information shall be processed under the principles of lawfulness, legitimacy, necessity and good faith, and shall not be processed in a way that is misleading, fraudulent or coercive. Personal information processing shall be carried out for a clear and reasonable purpose, directly related to the processing purpose and in a manner that has the minimum impact on the rights and interests of individuals. Collection of personal information should be limited to the minimum scope necessary for achieving the processing purpose and should not be excessive. Personal information processors shall be responsible for their personal information processing activities, and take necessary measures to ensure the security of the personal information they process.

Pursuant to the Regulations on the Management of Online Data Security promulgated by the State Council on September 24, 2024, and came into effect on January 1, 2025, an online data processor refers to an individual or organization that independently determines the purpose and methods of processing in the course of online data processing activities. Where the online data processing activities of an online data processor affect or may affect national security, such activities shall undergo a national security review in accordance with relevant regulations.

Pursuant to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) promulgated by the Cyberspace Administration of China on July 7, 2022, and came into effect on September 1, 2022, data processors transferring data abroad must, under certain circumstances, apply for a security assessment of cross-border data transfer through the provincial-level cyberspace administration department in their locality to the national cyberspace administration department.

Laws and Regulations on Housing Leasing

According to the Urban Real Estate Administration Law of the People’s Republic of China (《中華人民共和國城市房地產管理法》), which was latest amended by the NPCSC on August 26,

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2019, and came into effect on January 1, 2020, and the Measures for the Administration of Commodity Housing 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, a lessor and a lessee are required to enter into a written lease contract which sets out the clauses on the term of the lease, the purposes of the lease, the rental, responsibility for repair and maintenance, and any other rights and obligations of both parties, and file the lease contract with the competent construction (real estate) administration authorities of the people’s government of the municipality directly under the Central Government, city, or county where the leased property is located for registration within 30 days upon such contract is entered into.

Laws and Regulations on Environmental Protection and Work Safety

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》), which was latest amended by the NPCSC on April 24, 2014, and came into effect on January 1, 2015, the competent environmental protection department of the State Council formulates national environmental quality standards and national pollutant discharge standards, and generally supervises and administers the national environmental protection work. The pollution prevention facilities in a construction project are required to be designed, constructed, and put into use simultaneously with the main project. The pollution prevention facilities are required to meet the requirements of the approved environmental impact assessment documents and is not allowed to be dismantled or left idle without permission.

Work safety

According to the Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》), which was latest amended by the NPCSC on June 10, 2021, and came into effect on September 1, 2021, production and business entities shall meet the work safety conditions stipulated in this Law, relevant laws, administrative regulations, national standards, or industrial standards. Entities that do not meet the work safety conditions are not allowed to carry out production and business activities. The all-staff work safety responsibility system of production and business entities should clearly list the responsible persons, scope of responsibilities, and appraisal standards for each post. Production and business entities shall establish corresponding mechanisms to strengthen the supervision and assessment of the implementation of the all-staff work safety responsibility system and ensure its implementation.

Laws and Regulations on Labor and Social Security

Labor Law and Labor Contract Law

According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), which was latest amended by the NPCSC on December 29, 2018, and came into effect on the same day, and the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), which was latest amended by the NPCSC on December 28, 2012, and came into effect on July 1, 2013, labor contracts are required for the establishment of employment relations. The wage of an employee to whom an employer pay must not be lower than the local minimum wage standard. An employer shall establish and improve its labor rules and regulations in accordance with the law to ensure that the employees enjoy their labor rights and perform the employment obligations. When an employer recruits an employee, it shall faithfully inform the candidate of the duties, conditions and location of the job, occupational hazards, work safety conditions, remuneration, and any other information that the candidate requests to know.

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Social insurance and housing provident fund

According to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》), which was latest amended by the NPCSC on December 29, 2018 and came into effect on the same day, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was latest amended by the State Council on March 24, 2019 and came into effect on the same day, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) which was latest amended by the State Council on March 24, 2019 and came into effect on the same day, employers shall pay basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund for their employees. If an employer fails to pay social insurance premiums in full and on time, the social insurance premium collection agency has the power to order it to pay or make up the premiums within a time limit and to charge a late-payment fine of 0.05% of the unpaid amount per day commencing from the date of default. If the employer still defaults on payment upon the expiry of the time limit, the relevant administrative authority shall impose a fine of not less than one time but not more than three times the amount of the unpaid premiums. If an employer fails to pay or underpays the housing provident fund upon the expiry of the time limit, the housing provident fund administration center has the power to order it to make the payment within a time limit. If it still defaults on payment upon the expiry of the time limit, the center may apply to the people’s court for enforcement.

According to The Interpretation of the Supreme People’s Court on the Application of Law in the Trial of Labor Dispute Cases (II) (《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 issued by the Supreme People’s Court on July 31, 2025 and came into effect on September 1, 2025, if an employer enters into an agreement with an employee or the employee accepts that the employer does not have to pay the social insurance premiums, the people’s court should determine that such agreement or acceptance is invalid. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to discharge the labor contract in accordance with Paragraph 3, Article 38 of the Labor Contract Law and the employer shall pay economic compensation, the people’s court shall support such request in accordance with the law. Under the aforesaid circumstances, if the employer requests the employee to repay the paid social insurance premium compensation after paying the social insurance premium in accordance with the law, the people’s court shall support such request in accordance with the law.

Laws and Regulations on Taxation

Enterprise income tax

According to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》), which was latest amended by the NPCSC on December 29, 2018 and came into effect on the same day, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》), which was amended by the State Council on December 6, 2024 and came into effect on January 20, 2025, a unified enterprise income tax rate of 25% is applicable to both foreign-invested enterprises and domestic-funded enterprises, and preferential tax treatments are granted to special industries and projects. Eligible small and low-profit enterprises are subject to a reduced enterprise income tax rate of 20%. For key high-tech enterprises that need to be supported by the PRC government, the enterprise income tax is levied at a reduced rate of 15%.

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Value-added tax

According to the Value-added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》), which was promulgated by the NPCSC on December 25, 2024, and came into effect on January 1, 2026, the tax rate for taxpayers who are engaged in the sale of goods, provision of tangible movable property leasing services, and import of goods is 13%; the tax rate for taxpayers who are engaged in the sale of services and intangible assets is 6%; the tax rate for taxpayers who are engaged in export of goods is zero (except as otherwise stipulated by the State Council). The tax rate for domestic entities and individuals who are engaged in cross-border sale of services and intangible assets within the scope stipulated by the State Council is zero.

Laws and Regulations on Overseas Securities Offering and Listing by Domestic Enterprises

According to the Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “**Securities Law**”), which was latest amended by the NPCSC on December 28, 2019 and came into effect on March 1, 2020, this Law applies to the issuance and transaction of stocks, corporate bonds, depositary receipts and any other securities legally recognized by the State Council within the territory of the People’s Republic of China. If there are no provisions in this Law, the provisions of the Company Law of the People’s Republic of China and any other laws and administrative regulations apply. A domestic enterprise that directly or indirectly issues its securities abroad or have its securities listed and traded abroad shall comply with the relevant regulations of the State Council. Specific measures for the subscription and trading of shares of domestic companies in foreign currencies have been separately promulgated by the State Council. The China Securities Regulatory Commission (the “**CSRC**”) is the securities regulatory body established by the State Council to implement centralized and unified supervision and administration of the national securities market in accordance with the law. Currently, the issuance and trading of H Shares are mainly governed by regulations and departmental rules promulgated by the State Council and the CSRC.

According to the Trial Measures on the Administration of Overseas Securities Offerings 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 Measures**”), which was promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, domestic enterprises offering their shares and having them listed overseas shall undergo the recordation formalities with the CSRC in accordance with these Measures, submit the recordation report, legal opinion and any other relevant materials, and truthfully, accurately and completely explain the information on shareholders. If an issuer conducts an initial public offering or listing overseas, it shall undergo the recordation formalities with the CSRC within 3 working days upon the submission of the application documents for issuance and listing overseas.

According to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering 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》), which was jointly promulgated by the CSRC and other relevant authorities on February 24, 2023 and came into effect on March 31, 2023, in the overseas offering and listing activities of domestic enterprises, domestic enterprises and securities companies and securities service providers that provide corresponding services shall strictly abide by relevant laws and regulations of the People’s Republic of China and the requirements of these Provisions, enhance legal awareness of safeguarding state secrets and strengthening their archives administration, establish and improve their confidentiality and archives work system, and take necessary measures to fulfill their confidentiality and archives administration obligations, and shall not divulge state secrets and the work secrets of state organs, and harm national interests and public interests. A domestic enterprise that, either directly or through its overseas listed entity, provides or publicly discloses to relevant securities companies,

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securities service providers, overseas regulators, and any other entities and individuals any documents or materials that involve state secrets or work secrets of state organs shall obtain approval from the competent department with examination and approval authority for approval in accordance with the law, and report to the confidentiality administrative department at the same level for record. Domestic enterprises, or through their overseas listed entities, provide and publicly disclose any other documents and materials that will adversely affect national security or public interests after leakage to relevant securities companies, securities service providers, overseas regulatory agencies and any other entities and individuals shall strictly implement corresponding procedures in accordance with relevant state regulations.

LAWS, REGULATIONS AND POLICIES OF HONG KONG

Laws and Regulations on Business Registration

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) (“BRO”)

Every person, (a company or individual), who carries on a business in Hong Kong is required under the BRO to apply for a business registration certificate from the Hong Kong Inland Revenue Department (“HKIRD”) within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business. Business registration does not serve to regulate business activities and it is not a licence to trade. Business registration serves to notify the HKIRD of the establishment of a business in Hong Kong. Business registration certificate will be issued on submission of the necessary document(s) together with payment of the relevant fee. A business registration certificate is renewable every year or every three years (if business operators elect for issuance of business registration certificate that is valid for three years). Any person who fails to apply for business registration shall be guilty of an offence and shall be liable to a fine of HK\$5,000 and to imprisonment for one year.

Laws and Regulations on Sale of Goods and Consumer Protection

Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) (“SOGO”)

The Sale of Goods Ordinance (SOGO) governs contracts for the sale of goods in Hong Kong, including formation, performance, transfer of title, and remedies, and implies key terms into sale contracts to ensure product quality and suitability. These include requirements that goods sold by description must match that description, that goods sold in the course of business must be of merchantable quality (including being fit, safe, durable, and free from defects to a reasonable standard), and that goods must be reasonably fit for any expressly or impliedly stated purpose made known to the seller. Where there is a breach of warranty, the buyer is not entitled to reject the goods solely on that basis but may instead claim damages or reduce or extinguish the price, preserving contractual performance while allowing monetary remedies.

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (“TDO”)

Under the TDO, (a) use of false trade descriptions; (b) false, misleading or incomplete information, (c) false marks and misstatements in respect of products, and (d) false trade descriptions in respect of services supplied are prohibited. In addition, the TDO makes certain trade practices criminal offence, namely: (i) misleading omission; (ii) aggressive commercial practices; (iii) bait advertising; (iv) bait and switch; and (v) wrongful acceptance of payment. The TDO also provides for offences relating to forged trade mark, and falsely applying of trade mark or resembling marks.

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Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) (“SSITO”)

Under the SSITO, certain terms are implied in the contracts with customers for the supply of services, including: (a) that the supplier will carry out the service with reasonable care and skill; (b) that the supplier will carry out the service within a reasonable time (if the time of service is not fixed or fixed in a manner agreed); (c) that the party contracting with the supplier will pay a reasonable charge (if the consideration is not determined by the contract or left to be determined in a manner agreed or by course of dealing between the parties).

Unconscionable Contracts Ordinance (Chapter 458 of the Laws of Hong Kong) (“UCO”)

Under the UCO, if the Hong Kong court finds that a contract for sale of goods or supply of services (in which one of the parties deals as consumer) to have been unconscionable in the circumstances relating to the contract at the time it was made, the court may: (a) refuse to enforce the contract; (b) enforce the remainder of the contract without the unconscionable part; (c) limit the application of, or revise or alter, any unconscionable part to avoid unconscionable result.

Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong) (“CECO”)

The Control of Exemption Clauses Ordinance (CECO) restricts the extent to which contractual terms or notices can exclude or limit liability for breach of contract, negligence, or other duty. Liability for death or personal injury caused by negligence cannot be excluded, and exclusions for other loss or damage are only valid if they satisfy a statutory reasonableness test. In consumer contracts or where standard terms are used, clauses that exclude liability for breach, allow substantially different or no performance, or impose indemnities for another party’s negligence or breach are also subject to the same reasonableness requirement. A term is reasonable only if it is fair in light of circumstances known or reasonably foreseeable at the time of contracting, as determined by a court or arbitrator.

Misrepresentation Ordinance (Chapter 284 of the Laws of Hong Kong) (“MO”)

The MO imposes a statutory liability for misrepresentation and controls the use of provisions excluding liability for misrepresentation in contracts. Liability may arise under the MO where a party to a contract is induced to enter into that contract by a misrepresentation of a material fact made by the other party. If the action is successful, the party who relied on the misrepresentation will be entitled to rescind the contract. Damages may also be granted if the misrepresentation was made fraudulently or negligently.

Laws and Regulations on Importation and Exportation of Goods

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the “Import and Export Ordinance”)

The Import and Export Ordinance regulates the import, export, and intra-Hong Kong handling of goods, requiring licenses for certain prohibited or reserved articles issued by the Director-General of Trade and Industry. Where applicable, transport operators must submit licenses and manifests within 14 days, and importers and exporters must file accurate declarations with the Commissioner of Customs and Excise within the same time frame under the Import and Export (Registration) Regulations. While Hong Kong is a free port with no customs tariffs, compliance obligations still apply to controlled goods, including licensing, reporting, and declaration requirements enforced through customs and trade authorities.

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Laws and Regulations on Data Protection

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (“PDPO”)

The PDPO imposes legally binding obligations on data users to comply with six Data Protection Principles, which require personal data to be collected fairly and lawfully for a specific purpose, with proper notice to individuals, including the purpose of collection and their rights of access and correction. It also requires data to be accurate, retained only as long as necessary, used only for agreed or lawful purposes, and protected by reasonable security measures against unauthorized or accidental access, loss, or misuse, while ensuring transparency about data practices and enabling individuals to understand and access their personal data.

Individuals are entitled to access and request correction of their personal data, and data users must respond with reasons if access is refused. The Privacy Commissioner may issue enforcement notices requiring compliance and remediation, and failure to comply constitutes an offence punishable by fines and imprisonment, with higher penalties for repeat offences and continuing violations, subject to a due diligence defence.

Laws and Regulations on Intellectual Property

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) (“TMO”)

The TMO governs the registration and protection of trademarks in Hong Kong and provides that infringement occurs where a sign is used in the course of trade that is identical or similar to a registered trademark in relation to identical or similar goods or services, where such use is likely to cause public confusion. It also covers use of identical or similar marks on dissimilar goods or services where the trademark is well-known under the Paris Convention and such use unfairly exploits or harms its distinctiveness or reputation. Trademark owners may bring legal action for remedies including damages, injunctions, accounts, or other relief.

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) (“Copyright Ordinance”)

The Copyright Ordinance grants copyright owners exclusive rights to copy, distribute, rent, and make works available to the public, with unauthorised exercise of these rights constituting primary infringement. It also prohibits secondary infringement, including importing or exporting infringing copies (other than for private use) where the person knows or should reasonably know they are infringing. Secondary infringement further covers commercial activities involving infringing copies, such as possessing, selling, hiring, offering for sale or hire, exhibiting, or distributing them in trade or otherwise in a manner that prejudices the copyright owner, where the infringing nature is known or reasonably suspected.

Laws and Regulations on Transfer Pricing

The Hong Kong Inland Revenue (Amendment) (No. 6) Ordinance 2018 (the “**IRO**”) codifies how the transfer pricing for the supply of goods and services between associated parties should be determined. The Departmental Interpretation and Practice Notes No. 58, 59 and 60 further, issued by the Inland Revenue Department in July 2019, set out interpretations to the IRO. The codified Hong Kong transfer pricing principles include, amongst others, the arm’s length principle for provision between associated persons, the separate enterprises principle for attributing income or loss of non-Hong Kong resident person, and the three-tier transfer pricing documentation relating to the master file, local file and country-by-country reports. Based on the IRO, a person who has a Hong Kong tax advantage if taxed on the basis of a non-arm’s length provision (the “**Advantaged Person**”) will have income adjusted upwards or loss adjusted downwards. The advantaged person’s

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income or loss is to be computed as if arm’s length provision had been made or imposed instead of the actual provision (the amount of income or loss computed is referred to as the arm’s length amount). If the Advantaged Person fails to prove to the satisfaction of the assessor of the IRD that the amount of the person’s income or loss as stated in the person’s tax return in an arm’s length amount, the assessor of the IRD must estimate an amount as the arm’s length amount and, taking into account the estimated amount (a) make an assessment or additional assessment on the person; or (b) issue a computation of loss, or revise a computation of loss resulting in a smaller amount of computed loss, in respect of that person pursuant to section 50AAF of the IRO.

LAWS, REGULATIONS AND POLICIES OF THE UNITED STATES

Laws and Regulations on Business Registration

United States — Federal Law

The United States does not have a unified federal business registration regime that generally requires a non-United States company to register or qualify at the federal level solely by reason of engaging in cross-border e-commerce activities, including selling goods or services to United States customers through online platforms or digital channels. Business registration and qualification requirements are primarily governed by state law, and whether a non-United States company is required to register is determined on a state-by-state basis. A non-United States company may nonetheless become subject to federal regulatory, tax, customs or reporting requirements in connection with its United States-facing activities, even if it is not required to register as a business entity under federal law.

State of Delaware, United States (“Delaware”)

Delaware law does not generally require a corporation incorporated in Delaware to obtain any additional business registration or qualification solely by virtue of its incorporation in the state. A Delaware corporation is required to comply with ongoing corporate compliance obligations under Delaware law, including maintaining its good standing with the Delaware Secretary of State.

State of California, United States (“California”)

Under California law, a foreign business entity is required to qualify or register with the California Secretary of State if it is deemed to be “transacting intrastate business” in California. A foreign entity that is required to qualify in California but fails to do so may be subject to penalties, taxes and fees, and may be restricted from maintaining legal actions in California courts with respect to intrastate business conducted in the state until proper qualification has been obtained.

State of Washington, United States (“Washington”)

Washington law generally requires a foreign business entity to register with the Washington Secretary of State if it is considered to be doing business in the state. For foreign business entities, activities such as maintaining offices, employing personnel, operating fulfillment or distribution facilities, or holding inventory in Washington may trigger registration requirements. A foreign entity that is required to register in Washington but fails to do so may be subject to monetary penalties and limitations on its ability to maintain legal proceedings in Washington courts until proper registration is completed.

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Laws and Regulations on Sales of Goods and Consumer Protection

The sale of consumer electronics to U.S. consumers is governed by federal and state consumer protection laws designed to prevent unsafe products and unfair or misleading practices, and these rules may apply to foreign sellers engaging in cross-border e-commerce. Key enforcement is carried out by the Federal Trade Commission (the “FTC”), which prohibits deceptive or misleading advertising and requires accurate disclosures on product features, performance, safety, compatibility, pricing, and warranties in online listings and marketing materials. Certain products may also fall under the oversight of the Consumer Product Safety Commission (the “CPSC”), which regulates product safety standards and can require testing, labeling, incident reporting, corrective actions, or recalls where products pose safety risks such as electrical hazards or overheating. In addition, sellers may face product liability exposure under U.S. law for defects in design or manufacturing, inadequate warnings, or breach of warranty, with potential liability extending across the supply chain. Warranty and labeling requirements also apply, and non-compliance may result in regulatory action or consumer claims.

State consumer protection statutes may provide remedies for unfair or deceptive practices, including statutory damages, injunctive relief, and class actions. For cross-border e-commerce companies, U.S. consumer protection laws may apply to consumer electronics sold or marketed to U.S. consumers via digital channels, giving rise to compliance obligations relating to product descriptions, advertising, labeling, warranties, and handling of complaints, defects, and recalls. The scope of these requirements depends on the products involved, their intended use, and how they are marketed and distributed.

Laws and Regulations on Import and Export

The importation of goods into the United States is regulated by U.S. Customs and Border Protection (CBP) and applies to all imports, including cross-border e-commerce, regardless of the importer’s location. Non-compliance may result in delays, penalties, seizure, or exclusion of goods. Importers must exercise reasonable care to provide accurate declarations on classification, value, origin, quantity, and required documentation, and remain ultimately responsible even if customs brokers are used.

Imports may be subject to customs duties, additional trade remedies, and preferential tariff rules that require strict compliance with origin and documentation requirements, with improper claims leading to retroactive liability. U.S. law also prohibits or restricts certain imports, including goods made with forced labor and items infringing intellectual property rights, which CBP may detain or seize. In addition, export control and sanctions laws may restrict certain outbound or related transactions, and CBP has audit authority to review importer records and compliance practices.

Recent Regulations in Relation to Tariffs

In 2025, the United States implemented a series of executive actions that materially increased, and were subsequently adjusted, tariffs applicable to goods originating from Chinese mainland. On February 1, 2025, Executive Order 14195, titled “*Imposing Duties to Address the Synthetic Opioid Supply Chain in the People’s Republic of China*,” was issued, under which an additional 10% tariff was imposed on substantially all imports from Chinese mainland, effective February 4, 2025. This additional tariff was subsequently increased to 20% on March 3, 2025. Further developments followed on April 2, 2025, when the United States issued Executive Order 14257, titled “*Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits*.” Under this framework, (i) a general baseline tariff of 10% was applied to imports from all countries, and (ii) a

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supplementary country-specific tariff regime was introduced targeting jurisdictions with significant trade imbalances, including Chinese mainland. Shortly thereafter, the additional tariffs imposed on certain goods originating from the Chinese mainland were escalated in phases to 84% and then to 125%. When combined with the then-prevailing 20% tariff imposed under Executive Order 14195, the overall tariff burden on certain imports originating from the Chinese mainland reached as high as 145%, depending on product classification and subject to applicable exclusions and other duties.

On May 12, 2025, following bilateral negotiations between the United States and China, a temporary 90-day arrangement was announced under which the elevated country-specific tariffs were reduced to a baseline level of 10%. This arrangement was subsequently extended on August 11, 2025 for an additional 90-day period through November 10, 2025. On November 4, 2025, the United States issued Executive Order 14357, titled “*Modifying Duties Addressing the Synthetic Opioid Supply Chain in the People’s Republic of China*,” pursuant to which the additional tariff imposed under Executive Order 14195 was reduced from 20% to 10%, effective November 10, 2025. On the same date, the United States further issued Executive Order 14358, titled “*Modifying Reciprocal Tariff Rates Consistent with the Economic and Trade Arrangement Between the United States and the People’s Republic of China*,” which extended the suspension of the elevated China-specific reciprocal tariffs through November 10, 2026. During this suspension period, a 10% reciprocal tariff continues to apply to goods originating from Chinese mainland.

Following judicial developments in the U.S. on February 20, 2026 and subsequent actions by the U.S. government, the collection of the aforesaid tariffs imposed under the International Emergency Economic Powers Act (“IEEPA”), i.e. (i) the 10% reciprocal tariff and (ii) the 10% tariff imposed under Executive Order 14195, ceased on February 24, 2026. Certain importers of record may seek refunds, together with interest, of IEEPA duties paid during the relevant periods. Refunds are not automatic and are subject to the applicable CBP process. The availability and timing of any refund depend on the status of the relevant entries and remain subject to pending litigation. Concurrently with the termination of the IEEPA-based tariff measures, the U.S. government implemented a temporary global import surcharge of 10% on certain imported products under Section 122 of the Trade Act of 1974, effective from February 24, 2026 for a period not exceeding 150 days. No extension were enacted and the surcharge expired on July 24, 2026. Concurrently, the U.S. government imposed additional duties under Section 301 of the Trade Act of 1974 at rates of 10% or 12.5% on certain goods imported from specified economies, including the Chinese mainland (at rate of 12.5%), effective from July 24, 2026. Such duties are in addition to other applicable customs duties, subject to specified exemptions.

These tariff measures have been subject to frequent revisions. There can be no assurance that additional tariff increases, the reinstatement of previously suspended measures or further trade restrictions will not be introduced in the future.

Small Parcel Tariff Policy

In the United States, the “small parcel tariff” framework is commonly understood to refer to the de minimis exemption under Section 321 of the U.S. Tariff Act. This exemption generally permits shipments with a declared value of US\$800 or less, when sent directly to individual consumers in the United States, to enter without the imposition of customs duties. In recent years, the de minimis exemption has been subject to heightened scrutiny by U.S. lawmakers and regulatory authorities. In response, the U.S. government has proposed and, in certain instances, adopted measures aimed at strengthening customs enforcement and restricting the availability of the exemption for certain categories of goods or importers. Notwithstanding the foregoing, the de minimis exemption under Section 321 has not been repealed and continues to remain in effect.

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Laws and Regulations on Transfer Pricing

The U.S. has an extensive system of laws and practices designed to preserve the U.S. tax base by preventing income from being shifted among related parties through the inappropriate pricing of related party transactions. The U.S. transfer pricing regime seeks to ensure that transactions involving the transfer of goods and services between related companies are made on an arm’s length basis and are priced based on market conditions that permit profit to be reflected in the appropriate tax jurisdiction. Where the results of a transaction do not reflect an arm’s length price, the U.S. tax authority can reallocate the income to reflect the appropriate price and in some cases, impose monetary penalties for substantial or deliberate inaccuracy.

The U.S. Congress has enacted legislation and the US Treasury Department has promulgated regulations to control transfer pricing, all of which are administered and enforced by the Internal Revenue Service (“IRS”). On 22 December 2017, the Tax Cuts and Jobs Act (Tax Act) became law. The Tax Act represents a comprehensive reform to the Internal Revenue Code (“IRC”). Among its many changes, the Tax Act lowered the federal corporate income tax rate to 21% and overhauled the international tax provisions of the IRC, which may cause many multi-national companies to reevaluate their transfer pricing arrangements. Additionally, the Tax Act amended the IRC’s transfer pricing provisions, which will directly affect transfers of intangible property. Federal tax legislation is contained in the IRC. Specifically, Section 482 of the IRC governs transfer pricing and applies when two or more organizations, trades, or businesses (regardless of form and place of the organization) are owned or controlled, directly or indirectly, by the same interests. The general rule of Section 482 authorizes the IRS to reallocate income, deductions, credits or allowances among the members of a controlled group of entities to ensure clear reflection of income or to prevent tax avoidance.

Section 482 also provides an additional test for transfers of intangible property (IP). Income with respect to the transfer (or license) of IP must be “commensurate with the income” attributable to the IP. Under the commensurate-with-income standard, actual profit realized from the exploitation of an intangible must be considered in determining an arm’s length price for the transfer of the intangible. The amount of the compensation should therefore reflect changes in the income attributable to that intangible over time. In the U.S., individual states enact their own corporate income tax rules, which include the power and authority to regulate transfer pricing. The state rules focus on the shifting of income and deductions from a high-tax state to lower-tax states. Although the focus of most multinational businesses is on the relationship with the IRS, the state-by-state approach to transfer pricing methodologies must not be ignored. Each state is a sovereign taxing jurisdiction with the authority to disregard the conclusions reached by the IRS with respect to the appropriateness of a particular transfer pricing method. Each of the 50 U.S. states has its own internal statutes, regulations, case law and other authority governing transfer pricing issues.

Laws and Regulations on Outbound Investment

On October 28, 2024, the Department of the Treasury issued the Final Rule to implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities imposed by Executive Order 14105, “Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern.” The Final Rule became effective on January 2, 2025.

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Application Scope of the Final Rule

The Final Rule applies to investments by U.S. persons as to “covered transactions” involving “covered foreign person” associated with a “country of concern” in “covered activities.” “Covered activities” include activities in (1) semiconductors and microelectronics sectors, (2) quantum information technologies sectors and (3) artificial intelligence sectors that pertain to national security technologies and products. “Covered transactions” under the Final Rule include (1) acquisition of equity (including purchases of shares in an initial public offering) or contingent equity, (2) debt financing, (3) conversion of contingent equity interest, (4) greenfield and brownfield investments, (5) joint ventures, and (6) investments made as a limited partner. “Covered foreign person” means (1) a person of a country of concern who or who is engaged in activities involving one or more of the three sectors of semiconductors and microelectronics, quantum information technologies, and artificial intelligence, and (2) a person that directly or indirectly holds a board seat on, a voting or equity interest in, or any contractual power to direct the management or policies of a person of a country of concern. “Country of concern” for now is the People’s Republic of China, including Hong Kong and Macau.

Major Components of the Final Rule

Under the Final Rule, a “covered transaction” may be a “prohibited transaction”, which is outright prohibited, or a “notifiable transaction”, which are subject to notification requirements. In addition, certain transactions that would have been considered prohibited or notifiable transactions may be exempted from the prohibition or notification requirements and may be considered an “excepted transaction” under the Final Rule if certain conditions are met. Details of the prohibited transactions, notifiable transactions and excepted transactions are set forth below.

Prohibited Transactions

Prohibited transactions refer to the prohibition on certain U.S. investments in a covered foreign person engaged in covered activities pertaining to specified categories of advanced technologies and products. A U.S. person may not engage in such transaction unless an exemption for that transaction has been granted. For instance, investments by U.S. persons in covered foreign persons engaged in the following activities in the artificial intelligence industry reach the threshold for “prohibited transactions” under the Final Rule: (i) military end use; (ii) government intelligence or mass-surveillance end use; or (iii) develops any AI system that is trained using a quantity of computing power greater than 10^{24} computational operations.

Notifiable Transactions

Notifiable transactions refer to the transactions where the business activities conducted by a covered foreign person do not reach the threshold for prohibited transactions but still require notification by a U.S. person of their transactions to the Department of Treasury. For instance, transactions are notifiable if the covered foreign person in the artificial intelligence sector is engaged in the development of AI systems (i) designed or intended to be used for certain restricted end use; or (ii) trained using a quantity of computing power greater than 10^{23} computational operations. A U.S. person shall file a notification of their covered transactions with the Department of Treasury.

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Excepted Transactions

The Final Rule provided certain categories of excepted transactions from coverage, provided that such transactions did not afford the U.S. person certain rights beyond standard minority shareholder protection. Excepted transactions include (1) investments in publicly traded securities, (2) securities issued by investment companies, (3) certain limited partner or equivalent investments, (4) derivatives, (5) full buyouts from a person of a country of concern, (6) intracompany transactions, (7) certain syndicated debt financings, (8) equity-based compensation, and (9) certain transactions involving a person of a country or territory outside of the U.S. based on a determination by the U.S. Secretary of the Treasury. Notably, under the Final Rule, the “publicly traded security” exception exempts the investments in publicly traded securities of covered foreign persons. However, any acquisition of an equity interest in a covered foreign person that is not yet publicly traded for the purpose of facilitating an initial public offering would not be an excepted transaction of the Final Rule.

COINS Act

On December 18, 2025, the U.S. Congress enacted the Comprehensive Outbound Investment National Security Act of 2025 (“**COINS Act**”) as part of the FY 2026 National Defense Authorization Act. The COINS Act proposes to expand the Final Rule’s sectoral coverage and geographic coverage, and will supersede the Final Rule following the adoption of implementing regulations, while the content of which is uncertain. The Treasury has 450 days to amend the Final Rule to conform with the provisions set forth therein, and the existing Final Rule remains in effect until then.

Laws and Regulations on Employment-Related Matters

Employment relationships in the United States are governed by federal, state, and local laws covering wages and hours, workplace safety, benefits, anti-discrimination protections, worker classification, and termination. These laws may apply to non-U.S. companies employing staff or contractors in the United States, and requirements vary depending on the nature of the relationship, employee location, and activities conducted.

Federal law sets baseline standards on minimum wage, overtime, workplace safety, equal employment opportunity, and certain leave and benefit requirements, while also regulating employee versus independent contractor classification. State and local laws may impose additional or stricter obligations, such as higher wage standards, leave entitlements, and procedural requirements, creating jurisdiction-specific compliance needs.

Most U.S. employment is “at-will,” allowing termination by either party subject to legal and contractual limits, though employers may still face claims for discrimination, contractual breaches, or statutory violations. U.S. employment issues may also arise when engaging contractors or remote workers in the United States, as worker classification is subject to legal tests and misclassification may lead to liability for wages, taxes, and penalties. Remote work may also trigger additional compliance obligations in the worker’s jurisdiction.

Laws and Regulations on Data Protection and Privacy

The United States does not have a single comprehensive federal data protection law; instead, privacy and data security are governed by a combination of federal and state laws, industry rules, and regulatory guidance. These regimes may apply to non-U.S. companies that collect or process personal information of U.S. consumers, including through cross-border e-commerce platforms, even without a physical U.S. presence.

REGULATORY OVERVIEW

At the federal level, the FTC Act prohibits unfair or deceptive practices and is used to enforce privacy and cybersecurity obligations, including misleading privacy statements and inadequate data security. State laws often impose broader requirements, including consumer rights over personal data, mandatory security measures, and data breach notification obligations, with varying rules across jurisdictions such as California.

Companies are generally required to implement reasonable safeguards for personal data and remain responsible for information processed by affiliates or service providers, including overseas. For cross-border e-commerce, these obligations typically apply to data collected through online sales, websites, apps, customer service, and payment processing involving U.S. consumers.

Laws and Regulations on Intellectual Property Rights

Intellectual property rights in the United States are protected under federal, state, and common law frameworks, covering patents, trademarks, copyrights, and trade secrets. These protections apply to both U.S. and non-U.S. companies, including those in consumer electronics, and are territorial in nature, requiring compliance with statutory and procedural rules.

Patents are governed by the U.S. Patent Act and administered by the United States Patent and Trademark Office, covering technologies such as hardware, components, processes, and certain software inventions, with utility patents granting exclusive rights for 20 years and design patents protecting ornamental features. Copyright protection arises automatically for original works such as software and documentation, though registration is typically required for enforcement and statutory remedies, and it protects expression rather than ideas or functionality.

Trademarks are protected under the Lanham Act and state law, covering brand names, logos, and product identifiers, with federal registration providing stronger enforcement rights against confusing or dilutive uses. Trade secrets are protected under federal and state law and cover confidential business and technical information that derives value from secrecy, with protection lasting as long as secrecy is maintained.

IP rights are enforceable through courts, administrative proceedings, and trade-related actions, with remedies including injunctions, damages, and import exclusions. Companies may also face third-party infringement claims, which can lead to litigation, licensing costs, or restrictions on product sales in the United States.

LAWS, REGULATIONS AND POLICIES OF GERMANY

Laws and Regulations on Business Registration

A German GmbH (“**GmbH**”) is a corporation with separate legal personality. Its formation and registration are governed primarily by the German Limited Liability Companies Act (“**GmbHG**”). A GmbH only comes into legal existence upon registration with the Commercial Register (Handelsregister; “**Commercial Register**”) pursuant to section 7 of the GmbHG. Independently of the Commercial Register entry, a GmbH must register its business activity with the local trade office pursuant to German trade law. Such registration is mandatory before or immediately upon commencement of business activities and applies irrespective of the legal form, in accordance with section 14 paragraph 1 of the German Trade Regulation Act.

REGULATORY OVERVIEW

Laws and Regulations on Sale of Goods and Consumer Protection

Sale of goods and consumer protection in Germany are governed by a multi-layered legal framework consisting of European Union law (directly applicable regulations and harmonising directives), German national law, primarily the German Civil Code (Bürgerliches Gesetzbuch; “BGB”), as amended to implement European Union directives and supplementary legislation, including competition and enforcement laws, and the German Commercial Code (Handelsgesetzbuch; “HGB”). The key statutory provisions include section 433 of BGB governing contract of sale, sections 434 to 435 BGB governing conformity of goods, sections 437 to 441 BGB governing consumer remedies, section 477 BGB on the burden of proof, sections 312 et seq. BGB relating to consumer contracts, sections 312g and 355 BGB concerning statutory withdrawal rights, Article 246a of the Introductory Act to the BGB on pre-contractual information obligations, sections 3, 5 and 5a of the Act Against Unfair Competition addressing unfair commercial practices, Directive (EU) 2019/771 on the sale of goods, Directive 2011/83/EU on consumer rights, sections 373 et seq. of the HGB governing commercial sales, and section 377 HGB concerning inspection and notice obligations in commercial transactions.

Laws and Regulations on Import and Export and Customs Matters

Customs law in Germany is primarily governed by directly applicable EU law, particularly the Union Customs Code and its implementing regulations, supplemented by German national customs legislation, including the Customs Administration Act and relevant fiscal and criminal provisions. The EU framework regulates key areas such as customs declarations, valuation, rules of origin, special procedures, authorised economic operator status, and EORI registration, while German law addresses enforcement, import VAT under the Value Added Tax Act, and export controls under the Foreign Trade and Payments Act and related ordinance. Customs violations may also give rise to liability under the German Fiscal Code.

Laws and Regulations on Transfer Pricing

Chapter 1 of the Foreign Tax Act in Germany. German transfer pricing rules are generally in line with OECD guidelines, which means that related parties must apply the so-called “arm’s length principle” when engaging in cross-border transactions. Section 1 of the Foreign Tax Act indicates that if a taxpayer’s income from international business relations with a related party is reduced as a result of the taxpayer’s basing the income determination on terms, particularly prices (transfer prices), that diverge from those which independent third parties would have agreed under the same or comparable circumstances (arm’s length principle), the taxpayer’s income must, without prejudice to other provisions, be assessed to be as it would be under terms agreed between unrelated third parties.

Laws and Regulations on Employment-Related Matters

German employment law is a highly regulated, employee-protective system based on statutes, collective bargaining agreements, works agreements, and individual contracts, with mandatory protections generally overriding less favorable terms. It covers core employment conditions such as working time, minimum wage, leave, sick pay, social security, and tax withholding under the German Civil Code and related legislation, while dismissal is strictly regulated under the Protection Against Dismissal Act and supplemented by special protections for certain employee groups. The framework also includes co-determination and employee participation rights, occupational safety and anti-discrimination rules, and data protection requirements under the GDPR and German law, with disputes handled by specialised labour courts.

REGULATORY OVERVIEW

Laws and Regulations on Data Protection and Privacy

Data protection and privacy in Germany are governed primarily by the EU GDPR, supplemented by the German Federal Data Protection Act, and apply to any processing of personal data, including by non-EU organisations targeting individuals in Germany. The GDPR requires processing to comply with core principles such as lawfulness, transparency, purpose limitation, data minimisation, and security, and to be based on a valid legal ground, with stricter rules for sensitive data.

Individuals have extensive rights, including access, rectification, erasure, restriction, portability, and objection, which organisations must respond to within set deadlines. Controllers and processors must also meet organisational and documentation requirements, including data protection by design and security measures, with significant fines and liability for non-compliance.

Laws and Regulations on Intellectual Property Protection

Intellectual property protection in Germany is based on a multi-layered framework of national law, EU harmonised rules, and international conventions, providing strong rights and enforcement mechanisms. Copyright arises automatically under the German Copyright Act and protects literary, artistic, and software works, while trademarks require registration with the German Patent and Trade Mark Office or EUIPO to protect distinctive signs. Patents are governed by the German Patent Act and the European Patent Convention, with additional EU unitary protection available, covering technical inventions that are new, inventive, and industrially applicable, alongside complementary protection for designs, utility models, trade secrets, and unfair competition. Enforcement is primarily carried out through civil courts with specialised IP chambers, supported by customs measures and, in serious cases, criminal sanctions, allowing rights holders to obtain injunctions, damages, and border enforcement against infringing goods.

Laws and Regulations on Product Liability and Product Safety

Manufacturers and sellers of products, who bring their products into the European Union or German market, must ensure that their products are designed, manufactured and provided with appropriate user information so that any hazardous situation during product use can be avoided. Products that do not comply with the regulations on product safety may not be placed on the market or made available on the market in Germany, or the European Union. The most important legal framework relating to product safety and compliance are currently the General Product Safety Regulation together with the German Product Safety Act (Produktsicherheitsgesetz), the German Product Liability Act (Produkthaftungsgesetz) and the BGB.

Special European Union Regulations Applicable to Products

Depending on the specific product category, products are subject to compliance with applicable European Union product-specific legislation, including, among others, the Ecodesign Regulation (EU) 2019/1782, the Low Voltage Directive 2014/35/EU, the Electromagnetic Compatibility Directive 2014/30/EU, the Battery Regulation (EU) 2023/1542, the Radio Equipment Directive 2014/53/EU, the RoHS Directive 2011/65/EU as amended, the REACH Regulation (EC) No 1907/2006, the WEEE Directive 2012/19/EU, packaging and packaging waste legislation, and the European Union common charger (USB-C) requirements.

REGULATORY OVERVIEW

LAWS, REGULATIONS AND POLICIES OF JAPAN

Laws and Regulations on Business Registration

Operating a business selling phone accessories and electronic products in Japan generally does not require a special permit, but strict product safety and technical compliance obligations apply. Under the Electrical Appliances and Materials Safety Act (PSE Act), many products must meet designated safety standards, with importers required to notify METI and ensure compliance. Regulated items, such as lithium-ion batteries and AC adapters, must undergo conformity assessment and bear the appropriate PSE mark (diamond for specified appliances and circle for non-specified ones), and sale without the mark is prohibited.

Additional requirements may apply depending on product features, including radio equipment certification under the Radio Act (giteki mark) for wireless functions, and fire safety obligations under the Fire Service Act for storage of lithium-ion batteries above certain thresholds. While most products can be sold once compliant, foreign investment and company establishment in Japan may also trigger notification or filing obligations under the Foreign Exchange and Foreign Trade Act, particularly for sensitive sectors such as telecommunications or energy.

Laws and Regulations on Sale of Goods and Consumer Protection

The sale of products in Japan is governed by the Civil Code and Commercial Code, with additional consumer protection and product safety rules imposing key obligations on manufacturers, importers, and sellers. Under the Product Liability Act, strict liability applies for personal injury or property damage caused by defective products, including to manufacturers, importers, and entities deemed to present themselves as manufacturers, while the Consumer Product Safety Act requires reporting of serious product incidents, investigation of causes, and implementation of recalls or other safety measures where necessary.

Additional consumer protection regimes include the Act on Specified Commercial Transactions, which regulates online and distance sales by requiring disclosure of key transaction terms and prohibiting misleading advertising and unsolicited promotional emails; the Act against Unjustifiable Premiums and Misleading Representations, which prohibits false or exaggerated product claims; and the Consumer Contract Act, which allows consumers to cancel contracts obtained through misleading or improper solicitation and voids unfair contractual clauses that disadvantage consumers.

Laws and Regulations on Tariffs, Import and Export, Customs Declaration Requirements and Trade Restrictions

Under the Customs Act, importers receiving goods from overseas are generally required to submit an import declaration to the Japan Customs and pay any applicable duties. Once the declaration is filed, the Japan Customs may inspect the goods as needed and, after confirming that the duties have been paid, will authorize the importation. Currently, there are no Japanese laws or regulations governing tariffs, customs duties, or trade restrictions that would impose a material effect on a business that engages in the importation and sale of phone accessories and other electronic products.

Laws and Regulations on Transfer Pricing

Pursuant to the Act on Special Measures Concerning Taxation of Japan and its related enforcement orders, conducted a transaction for the sale of assets, purchase of assets, provision of services or any other transaction with a foreign affiliate of the corporation should be priced at arm's length price, with the calculation methods for arm's length prices following the OECD Transfer Pricing Guidelines.

REGULATORY OVERVIEW

Laws and Regulations on Employment-related Matters

Employment relationships in Japan are mainly governed by the Labor Standards Act, the Industrial Safety and Health Act, and the Labor Contract Act. The Labor Standards Act prescribes minimum working conditions applicable to most employers and employees, and any contractual terms that fall below these statutory standards are deemed invalid. The Industrial Safety and Health Act requires employers to implement workplace safety and health measures and to establish appropriate safety management systems. Under the Labor Contract Act, when an employer dismisses or takes disciplinary action against an employee, such dismissal or disciplinary action is required to be based on objectively reasonable grounds and to be socially appropriate. Changes to employment terms that disadvantage employees must also be reasonable in order to be valid.

Laws and Regulations on Data Protection and Privacy

The Act on the Protection of Personal Information imposes various obligations on business operators that handle personal information, including requirements regarding lawful use, purpose limitation and restrictions on third-party transfers. This act also applies to foreign business operators that obtain personal information in connection with the provision of goods or services to individuals located in Japan.

Laws and Regulations on Intellectual Property Protection

The Trademark Act is enacted for the purpose of affording protection to registered trademarks. A proprietor of a registered trademark right, or an exclusive licensee thereof, is entitled to demand that any person who infringes, or is likely to infringe, such trademark right or exclusive license cease the infringing act or take necessary measures to prevent its occurrence.