

REGULATORY OVERVIEW

REGULATORY ENVIRONMENT IN THE PRC

PRC laws, rules and regulations affect many aspects of our business. This section summarizes the material PRC laws, regulations and policies that we believe are relevant to our principal business and operations in China.

Major Regulators

Our principal business and operations are subject to the supervision of the Ministry of Industry and Information Technology, the MIIT, which is responsible for developing and implementing national industrial plans, policies, and standards; monitoring daily industry operations; and promoting technological development and innovation.

Regulations and Policies on the Integrated Circuit Industry

In June 2014, the State Council issued the Outline for Advancing the National Integrated Circuit Industry (國家集成電路產業發展推進綱要), which stated that the development goal of the integrated circuit industry is to achieve international advanced standards in the key segments of the integrated circuit industry chain by 2030, with a number of enterprises reaching the global first tier and realizing leapfrog development. One of the core tasks and development priorities is to focus on the development of the integrated circuit design industry, and strengthen the integrated circuit design, software development, system integration and collaborative innovation of contents and services based on the industrial chains in key fields, drive manufacturing growth through rapid expansion of the design industry.

In November 2016, the State Council issued the Notice of the State Council on the “13th Five-Year Plan” for the Development of National Strategic Emerging Industries (國務院關於印發「十三五」國家戰略性新興產業發展規劃的通知), which initiated the major productivity layout planning project for the integrated circuit industry, implemented a number of projects with strong driving effects and facilitated the rapid leap in industrial capabilities. It aims to accelerate the construction of production lines for advanced manufacturing processes, memory chips and specialized processes, enhance the design and development and application capabilities of key products such as secure and reliable CPUs, analog-to-digital/digital-to-analog conversion chips, and digital signal processing chips, and promote the rapid development of industries such as packaging and testing, key equipment, and materials.

In July 2020, the State Council announced Several Policies for Promoting the High-quality Development of the Integrated Circuit Industry and the Software Industry in the New Era (新時期促進集成電路產業和軟件產業高質量發展的若干政策) to further optimize the development environment of the integrated circuit industry and software industry, deepen international cooperation in the industry, and enhance the industrial innovation capability and development quality.

In December 2021, the State Council issued the Notice of the State Council on the “14th Five-Year Plan” for the Development of Digital Economy (國務院關於印發「十四五」數字經濟發展規劃的通知), which stated that during the “14th Five-Year Plan” period, efforts should be directed toward enhancing key technological innovation capabilities, targeting strategic and forward looking fields such as sensors, quantum information, network communication, integrated circuit, key software, big data, artificial intelligence, blockchain and new materials. The advantages of China’s socialist system, new type of nationwide system and ultra-large-scale market should be leveraged to improve the foundational R&D capabilities of digital technologies. Furthermore, competitiveness in core industries should be enhanced. This involves strengthening technology integration and product innovation for diverse application scenarios, sharpening the competitive edge of key links in industrial chains, and improving supply chain systems for major industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and the industrial internet.

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In December 2023, the NDRC issued the Industrial Structure Adjustment Guidance Catalog (2024 version)(產業結構調整指導目錄(2024年本)), in which the integrated circuit industry is listed under item 4 (Integrated Circuits) of Section XXVIII (Information Industry) within the first (encouraged) category. Our Company mainly engages in the integrated circuit design, which belongs to the first category of encouraged projects in the Catalog.

In March 2026, the NPC promulgated the Outline of the “15th Five-Year Plan” of the PRC for National Economic and Social Development (中華人民共和國國民經濟和社會發展第十五個五年規劃綱要), which stated that China will expand the core industries of the digital economy, develop new-generation communication technologies, cloud computing, blockchain and other sectors, upgrade the industry capabilities for high-end chips, optoelectronic devices, basic software and industrial software, and foster digital industry clusters with global competitiveness.

Regulations on Corporation and Foreign Investment

Company Regulations

On December 29, 1993, the Standing Committee of the National People’s Congress (the “SCNPC”) issued the PRC Company Law (中華人民共和國公司法), which was most recently amended on December 29, 2023, and came into effect on July 1, 2024. All companies incorporated in the PRC are subject to this law, which sets forth rules regarding their establishment, daily operations, corporate governance, and organizational structure. This law classifies companies into limited liability companies and joint stock limited companies. Such regulations also apply to foreign-invested enterprises established in the PRC.

Foreign Investment Industries Policy

Investment activities in China by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Foreign Investment Access, or the Negative List, and the Catalogue of Encouraged Industries for Foreign Investment, or the Encouraging Catalog, which were promulgated and were amended from time to time by the Ministry of Commerce (“the MOFCOM”) and the NDRC. The Negative List specifies prohibited or restricted sectors for foreign investment, while sectors outside the Negative List are generally administered on the same basis as domestic investment. The Encouraging Catalog identifies industries in which foreign investment is encouraged.

The currently effective negative list is the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version)(外商投資准入特別管理措施(負面清單)(2024年版)), or the 2024 Negative List, which became effective on November 1, 2024. The currently effective Encouraging Catalog is the Catalogue of Encouraged Industries for Foreign Investment (2025 Version)(鼓勵外商投資產業目錄(2025年版)), or the 2025 Encouraging Catalog, which became effective on February 1, 2026. According to the 2024 Negative List, investment in integrated circuit design does not fall into the restricted or prohibited category of industries for foreign investment.

Foreign Investment Law and its Implementing Regulations

On March 15, 2019, the NPC approved the PRC Foreign Investment Law (中華人民共和國外商投資法), which came into effect on January 1, 2020. The Foreign Investment Law replaces the three laws on foreign investment (the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法), the Sino-Foreign Contractual Joint Venture Law of the PRC (中華人民共和國中外合作經營企業法) and the Chinese-Foreign Equity Joint Venture Law of the PRC (中華人民共和國中外合資經營企業法)). Pursuant to the Foreign Investment Law, “foreign investment” refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or other organizations of a foreign country (hereinafter, the “foreign investor”) within China, and the investment activities

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include the following situations: (i) a foreign investor, individually or collectively with other investors, establishes a foreign invested enterprise in China; (ii) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of an enterprise within China; (iii) a foreign investor, individually or collectively with other investors, invests in a new project in China; and (iv) investments by other means as provided by laws, administrative regulations, or the State Council.

On December 26, 2019, the State Council issued the Implementing Regulations of the PRC Foreign Investment Law (中華人民共和國外商投資法實施條例), which came into effect on January 1, 2020, to clarify and elaborate relevant provisions of the Foreign Investment Law.

Security Review of Foreign Investment

On December 19, 2020, the NDRC and MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (外商投資安全審查辦法), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. A foreign investor or the relevant domestic party must apply for security review to the Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室) prior to the investments in (i) fields related to national defense security such as military industries and military support industries, as well as investments in the surrounding areas of military facilities and military production facilities; (ii) important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security, in which they obtain actual control over the invested enterprises.

Regulations on Overseas Investment

Pursuant to the Administrative Measures for Outbound Investment (境外投資管理辦法) which were promulgated by MOFCOM on September 6, 2014 and took effect on October 6, 2014, MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (企業境外投資管理辦法) which were promulgated by the NDRC on December 26, 2017 and took effect on March 1, 2018, domestic enterprises in the PRC making an outbound investment shall go through verification and approval or record-filing or other procedures applicable to outbound investment projects, report relevant information, and cooperate with the supervision and inspection.

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

Regulations on Import and Export of Goods

On May 12, 1994, the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) was promulgated by the SCNPC. It was most recently revised on December 27, 2025 and took effect on March 1, 2026. The Foreign Trade Law establishes that import and export of goods and technologies to and from the PRC shall be free, unless otherwise provided by relevant laws or administrative

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regulations. The amended Law further authorizes the PRC government to permit the free import and export of commodities and technologies, subject to any exceptions specified by other laws and administrative regulations.

The Customs Law of the PRC (中華人民共和國海關法) was promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, with such amendment taking effect on the same date. Pursuant to the Customs Law and other relevant laws and administrative regulations, the PRC Customs authorities are responsible for supervising the transport, goods, luggage, postal items and other articles entering or leaving Chinese territory; levying customs duties and other taxes and fees; investigating and combating smuggling; compiling customs statistics; and handling other customs affairs. The consignee or consignor of import or export goods may complete the customs declaration and inspection formalities either on its own or by entrusting a duly authorized declaration agency enterprise and shall complete the filing formalities with the import and export inspection and quarantine authorities in accordance with relevant laws and regulations.

The Administrative Provisions of the Customs of the PRC on Recordation of Customs Declaration Entities (中華人民共和國海關報關單位備案管理規定) were promulgated by the General Administration of Customs of the PRC (the “GACC”) on November 19, 2021 and came into effect on January 1, 2022. Under such Provisions, “customs declaration entities” refer to consignees or consignors of imports and exports and customs declaration enterprises that have completed recordation with the Customs in accordance therewith. Applicants for recordation, including consignees or consignors of imports and exports as well as customs declaration enterprises, are required to obtain market entity qualifications. Originally, consignees or consignors of imports and exports applying for recordation were also required to complete the filing formalities for foreign trade business operators. On January 3, 2023, the GACC promulgated the Notice by the Department of Enterprise Management and Audit-Based Control of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知), which states that a consignee or consignor of imported or exported goods applying for recordation is required to obtain market entity qualification, but is no longer required to complete the filing formalities for foreign trade business operators.

Regulation on Cybersecurity and Data Security

Internet security in China is regulated and restricted from a national security standpoint. On July 1, 2015, the SCNPC promulgated the new National Security Law of the PRC (中華人民共和國國家安全法), which took effect on the same date. According to the new National Security Law, the state shall ensure that the information system and data in important areas are secure and controllable. In addition, according to the new National Security Law, the state shall establish national security review and supervision institutions and mechanisms, and conduct national security reviews of key technologies and network IT products and services that affect or may affect national security.

On November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (中華人民共和國網絡安全法), which took effect on June 1, 2017 and was last amended on October 28, 2025 with the amendment taking effect on January 1, 2026. The Cybersecurity Law applies to the construction, operation, maintenance, and use of networks as well as the supervision and administration of Internet security in the PRC. The Cybersecurity Law defines “networks” as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging, and processing information in accordance with certain rules and procedures. “Network operators,” who are broadly defined as owners and administrators of networks and network service providers, shall meet their cybersecurity obligations and shall take technical measures and other necessary measures to protect the safety and stability of their networks. Under the Cybersecurity Law, network operators are subject to various security protection-related obligations.

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On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (中華人民共和國數據安全法), which came into effect on September 1, 2021. The PRC Data Security Law imposes data security and privacy protection obligations on entities and individuals carrying out data activities, including but not limited to the collection, storage, use, processing, transmission, provision, and public disclosure of data. Furthermore, the PRC Data Security Law provides for a data classification and hierarchical protection system to protect data by classification and level, depending on the importance of the data in economic and social development, and the damage caused to national security, public interests, or the legitimate rights and interests of individuals and organizations if the data is falsified, damaged, disclosed, illegally obtained or illegally used.

On December 28, 2021, the Cyberspace Administration of China (the “CAC”) and 12 other PRC regulatory authorities jointly issued the Cybersecurity Review Measures (網絡安全審查辦法), which became effective from February 15, 2022. The Cybersecurity Review Measures require that, (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, (ii) any data processing activities by network platform operators, which affect or may affect national security, or (iii) any network platform operators which have personal information of more than one million users and seek to list in a foreign country shall be subject to cybersecurity review. Furthermore, the relevant PRC governmental authorities may initiate cybersecurity review if they determine certain network products, services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Outbound Data Transfer (數據出境安全評估辦法), which took effect on September 1, 2022 and originally required the data processor providing data overseas and falling under any of the following circumstances to apply for the security assessment of cross-border data transfer by the national cybersecurity authority through its local counterpart: (i) where the data processor intends to provide important data overseas; (ii) where the critical information infrastructure operator or any data processor who has processed personal information of at least 1,000,000 individuals intends to provide personal information overseas; (iii) where any data processor who has provided personal information of at least 100,000 individuals or sensitive personal information of at least 10,000 individuals to overseas recipients accumulatively since January 1 of the last year intends to provide personal information overseas; and (iv) other circumstances where the security assessment of cross-border data transfer is required as prescribed by the CAC.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flows (促進和規範數據跨境流動規定, the “**Cross-border Data Flow Provisions**”), which took effect on the same day and provide that unless otherwise provided, the data processor shall apply for security assessment for cross-border data transfer to the CAC through the local cyberspace administration at the provincial level if any of the following conditions is met (i) the critical information infrastructure operator transfers personal information or important data abroad, or (ii) the data processor other than a critical information infrastructure operator transfers important data abroad, or has, since January 1 of the current year, transferred the personal information of at least one million individuals (excluding sensitive personal information) or the sensitive personal information of at least 10,000 individuals abroad cumulatively. Furthermore, the Cross-border Data Flow Provisions also provide that unless otherwise provided therein, the data processor other than a critical information infrastructure operator who has, since January 1 of the current year, transferred the personal information of at least 100,000 but less than 1 million individuals (excluding sensitive personal information) or the sensitive personal information of less than 10,000 individuals abroad cumulatively shall conclude a standard contract for outbound transfer of personal information with overseas recipients or go through the certification for protection of personal information in accordance with the law.

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On September 24, 2024, the State Council promulgated the Regulation on Network Data Security Management (網絡數據安全管理條例), which took effect on January 1, 2025. The Regulation sets forth several key obligations for network data handlers, including the requirement to specify the purpose, method and categories of personal information involved prior to any processing of personal information. In addition, the Regulation provides definitions of “important data,” outlines the obligations applicable to handlers of important data, establishes enhanced contractual requirements for data sharing among data handlers, and introduces a new exemption from certain regulatory obligations with respect to cross-border data transfers.

On June 18, 2026, the CAC, the MIIT, and the Ministry of Public Security jointly promulgated the Measures for Network Data Security Risk Assessment (網絡數據安全風險評估辦法), which took effect on August 20, 2026. The Measures govern risk assessments of network data processing activities, and provide that, among others, (i) important data processors shall conduct risk assessments on an annual basis and shall submit the annual risk assessment reports to the competent authorities within 20 working days of completion, (ii) important data processors shall conduct dynamic risk assessments promptly where material changes in the security status of important data may adversely affect data security, focusing on the changed aspects and their effects, and (iii) the relevant regulatory authorities may require a network data processor to engage a certified assessment institution to conduct a risk assessment under certain circumstances, including where the data processing activities pose material security risks that may endanger national security or public interests, or where a data security incident has resulted in the leakage or theft of important data, or of personal information on a large scale.

Regulations on Intellectual Property Rights

Patents

The SCNPC promulgated the Patent Law of the People’s Republic of China (中華人民共和國專利法) on March 12, 1984 and last amended it on October 17, 2020 with effect from June 1, 2021. The Implementing Regulations 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) were promulgated by the State Council on June 15, 2001, and were most recently amended on December 11, 2023 and took effect on January 20, 2024. Under the Patent Law and its implementing regulation, a patentable invention or utility model must meet three conditions: novelty, inventiveness and practical applicability. A patentable design shall not be an existing design, nor shall there be any application for the same design filed by any entity or individual with the competent authorities prior to the filing date and recorded in the patent documents published after the filing date. The Patent Office under the China National Intellectual Property Administration (“CNIPA”) is the designated authority for the receipt, examination and approval of patent applications in the PRC. Patents are granted with a term of protection commencing from the application date: twenty years for inventions, ten years for utility models, and fifteen years for designs. Save for exceptions explicitly provided by law, any third party wishing to exploit a patent must obtain the patent owner’s consent or a valid license. Unauthorized use will constitute an infringement of the patent owner’s rights.

Trademarks

On August 23, 1982, the SCNPC promulgated the Trademark Law of the PRC (中華人民共和國商標法), or the Trademark Law, which was last amended on June 26, 2026, and the amendments will come into effect on January 1, 2027. The Implementation Regulation for the Trademark Law (中華人民共和國商標法實施條例) promulgated by the State Council came into effect on September 15, 2002 and was further amended on April 29, 2014.

Under the Trademark Law and its implementing regulation, the Trademark Office of the CNIPA (the “**Trademark Office**”) is responsible for the registration and administration of trademarks. As with patents, China has adopted a “first-to-file” principle for trademark registration. If two or more

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applicants apply for registration of identical or similar trademarks for the same or similar commodities, the application that was filed first will receive preliminary approval and will be publicly announced. Registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within 12 months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years.

Copyrights

On September 7, 1990, the SCNPC promulgated the Copyright Law of the PRC (中華人民共和國著作權法), which took effect on June 1, 1991 and was amended in 2001, 2010 and 2020 (the 2020 amendment became effective on June 1, 2021). On August 2, 2002, the State Council promulgated 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 were last amended on January 30, 2013 and became effective on March 1, 2013. Under the Copyright Law and its implementing regulation, Chinese citizens, legal persons, or unincorporated organizations shall enjoy copyright in their works, regardless of whether such works have been published. Such works include, but are not limited to, works of literature, art, natural science, social science, engineering technology, and computer software.

According to the Computer Software Protection Regulations (計算機軟件保護條例) promulgated by the State Council on December 20, 2001, last amended on January 30, 2013 and effective from March 1, 2013, computer software refers to computer programs and their related documentation. Chinese citizens, legal persons or other organizations enjoy copyright in the software they develop, regardless of whether it is published or not.

Domain Names

The Measures on Administration of Internet Domain Names (互聯網域名管理辦法, the “**Domain Names Measures**”) were promulgated by the MIIT on August 24, 2017, which took effect on November 1, 2017. Under the Domain Names Measures, the MIIT is responsible for the administration of internet domain names in the PRC. Domain name registration follows a first-to-file principle. Applicants for domain name registration are required to provide true, accurate and complete identification information to domain name registration service institutions.

Design of Integrated Circuit Layouts

The protection of integrated circuit layout designs in the PRC is primarily governed by the Regulations on the Protection of Integrated Circuit Layout Designs (集成電路佈圖設計保護條例), promulgated by the State Council on April 2, 2001 and effective as of October 1, 2001, and the Detailed Implementing Rules of the Regulations on the Protection of Layout Designs of Integrated Circuits (集成電路佈圖設計保護條例實施細則), promulgated by the CNIPA on September 18, 2001 and effective as of October 1, 2001. On July 23, 2026, the State Council promulgated the revised Regulations on the Protection of Integrated Circuit Layout Designs, which will take effect on October 15, 2026.

Under these regulations, the owner of an integrated circuit layout design is entitled to exclusive rights in the design. Such exclusive rights arise upon registration with the intellectual property administration department of the State Council. Layout designs that have not been registered are not protected by law. The term of protection for the exclusive rights in an integrated circuit layout design is ten (10) years, calculated from the earlier of (i) the date of filing of the registration application, or (ii) the first date of commercial exploitation anywhere in the world. However, in no event shall a layout design be protected for more than fifteen (15) years from its creation, regardless of whether it has been registered or commercially exploited.

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Regulations on Real Estate

Real Estate Registration

According to the PRC Civil Code (中華人民共和國民法典, issued by the NPC on May 28, 2020, effective January 1, 2021), the establishment, alteration, transfer and extinction of real property rights, where registration is required by law, shall take effect upon being recorded in the real estate register. The certificate of real property rights is the proof that the right holder enjoys the real property rights.

According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例, most recently amended by the State Council on March 10, 2024, effective May 1, 2024) and the Detailed Rules for the Implementation of the Interim Regulations on Real Estate Registration (不動產登記暫行條例實施細則, most recently amended by the Ministry of Natural Resources on May 9, 2024, effective the same day), the State implements a unified real estate registration system. Real estate registration adheres to the principles of strict management, stability and continuity, and convenience for the people. Real estate registration is handled by the real estate registration authority of the county-level or higher people’s government where the real estate is located.

Property Leasing

According to the Measures for Administration of Commercial Housing Leasing (商品房屋租賃管理辦法, issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010, effective February 1, 2011), within thirty days after the conclusion of a housing lease contract, the lessor and lessee shall go to the construction (real estate) competent department of the people’s government at the level of municipality directly under the Central Government, city or county where the leased house is located to register the lease for the record. The fact that a entity fails to complete the relevant lease registration procedures and fails to rectify within the specified period after being ordered to do so may result in a fine ranging from RMB1,000 to RMB10,000.

According to the Civil Code, the failure of the parties to complete the registration and filing procedures for a lease contract in accordance with laws and administrative regulations shall not affect the validity of the contract.

Regulation on Foreign Exchange

Under the Foreign Currency Administration Rules of the PRC (中華人民共和國外匯管理條例) promulgated by the State Council on January 29, 1996 and amended on August 5, 2008 and various regulations issued by the State Administration of Foreign Exchange (the “SAFE”) and other relevant PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for capital account items, such as direct equity investments, loans and repatriation of investment, is subject to the applicable foreign exchange registration, bank review, filing or approval requirements.

On November 19, 2012, the SAFE promulgated the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), which became effective on December 17, 2012, and was last amended on December 30, 2019. Under this circular, approval is not required for opening a foreign exchange account or depositing foreign exchange into accounts relating to direct investments.

On February 13, 2015, the SAFE promulgated the Circular on Simplifying and Improving the Foreign Currency Management Policy on 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, the “SAFE Circular 13”), effective from June 1, 2015, which was

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amended on December 30, 2019. SAFE Circular 13 cancels the administrative approvals of foreign exchange registration of domestic direct investment and overseas direct investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors are required to complete the registration for domestic direct investment and overseas direct investment with banks.

On March 30, 2015, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知, the “**Circular 19**”), which was last amended on March 23, 2023. As originally promulgated, Circular 19 provided that the use of Renminbi capital converted from a foreign-invested enterprise’s foreign currency-denominated registered capital was subject to certain restrictions. Specifically, such Renminbi capital could not be used for: (i) issuing Renminbi entrusted loans; (ii) repaying inter-enterprise loans (including third-party advances); or (iii) repaying Renminbi bank loans whose proceeds have been on-lent to a third party.

On June 9, 2016, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知, the “**Circular 16**”), which was amended on December 4, 2023. Circular 16 reaffirmed certain rules set forth in Circular 19, but modified the relevant restriction as follows: rather than imposing a general prohibition on using Renminbi capital converted from a foreign-invested enterprise’s foreign currency-denominated registered capital to issue Renminbi entrusted loans, Circular 16 prohibited the use of such capital to issue loans to non-associated enterprises, except where expressly permitted within the enterprise’s business scope.

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

On December 4, 2023, the SAFE promulgated the Notice on Further Deepening Reforms to Promote the Facilitation of Cross-border Trade and Investment (關於進一步深化改革促進跨境貿易投資便利化的通知), which provides that the equity transfer consideration funds in foreign currency received by domestic equity transferors (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas listing, may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion.

On April 3, 2024, the SAFE promulgated the Guidelines of Capital Account Foreign Exchange Business (2024 Version)(資本項目外匯業務指引(2024年版)), which came into effect on May 6, 2024 and stipulate guidelines for the capital account foreign exchange business.

On December 24, 2025, the People’s Bank of China and the SAFE promulgated the Notice on Issues Concerning the Management of Funds Raised by Domestic Enterprises through Overseas Listings (關於境內企業境外上市資金管理有關問題的通知), which came into effect on April 1, 2026 and provides that funds raised by domestic enterprises through overseas listings should, in principle, be repatriated to the domestic market in a timely manner. If funds are retained overseas to conduct overseas direct investment, overseas securities investment, overseas lending, or other such business activities,

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approval or filing documents from the competent authorities must be obtained prior to the completion of the overseas listing offering or the completion of the over-allotment, and such activities must comply with relevant cross-border capital management regulations.

Regulations on Dividend Distribution

The principal laws and regulations regulating the distribution of dividends by Foreign Invested Enterprises (the “FIEs”) in the PRC include the Company Law of the PRC (中華人民共和國公司法) and Foreign Investment Law (中華人民共和國外商投資法). Under the current PRC regulatory regime, FIEs may distribute dividends only out of their retained earnings as determined under PRC accounting standards. A PRC company is generally required to appropriate at least 10% of its after-tax profits to its statutory reserve fund until the aggregate amount of such fund reaches 50% of its registered capital. No profit distribution may be made until any losses from prior fiscal years have been fully offset. Retained earnings from prior fiscal years may be distributed together with the distributable profits of the current fiscal year.

Regulations on Taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as last amended and effective on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), as last amended on December 6, 2024 and effective on January 20, 2025, a uniform enterprise income tax rate of 25% applies equally to foreign-invested enterprises and domestic enterprises, except where tax incentives are granted to special industries or projects. Qualifying small low-profit enterprises are subject to a reduced enterprise income tax rate of 20%, and high-tech enterprises that require full support from the PRC government enjoy a reduced enterprise income tax rate of 15%.

Withholding Tax

According to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), which was signed on August 21, 2006, and took effect on December 8, 2006, when a mainland China resident company distributes dividends to a Hong Kong resident, if the beneficial owner of the dividends is a company that directly holds at least 25% of the distributing company’s capital, the withholding tax rate shall be capped at 5% of the total dividends; under any other circumstances, the cap shall be 10%.

Value-added Tax

On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (中華人民共和國增值稅法), which took effect on January 1, 2026 and simultaneously repealed the Provisional Regulations on Value-added Tax of the PRC. The State Council also promulgated the Implementing Regulations of the Value-Added Tax Law of the PRC (中華人民共和國增值稅法實施條例), which took effect on the same date. According to the Value-Added Tax Law, any entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The tax rate for taxpayers selling goods, as well as providing processing, repair and assembly services, leasing tangible movable property and importing goods is 13% unless otherwise specified; in certain specific situations, the rate is 9%, 6% or 0%.

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Pursuant to the provisions of the Notice on the Additional Value-Added Tax Deduction Policy for Integrated Circuit Enterprises (關於集成電路企業增值稅加計抵減政策的通知) promulgated by the Ministry of Finance of the PRC (the “MOF”) and the STA on April 20, 2023, from January 1, 2023 to December 31, 2027, integrated circuit design, production, packaging and testing, equipment, and material enterprises enjoy an additional deduction of 15% of the input VAT that can be credited in the current period from the output VAT payable. A list management system will be adopted for enterprises eligible for the additional deduction policy.

Regulations on Employment

Labor Law and Labor Contract Law

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) which was last revised by the SCNPC on December 29, 2018, and the Labor Contract Law of the PRC (中華人民共和國勞動合同法) which was amended by the SCNPC on December 28, 2012 and effective as of 1 July 2013, an employment relationship must be formalized through a written labor contract. Employers are further required to establish and improve internal labor rules in accordance with the law, in order to protect employees’ legitimate labor rights and ensure the fulfillment of their corresponding labor obligations.

Regulations on Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), promulgated by the SCNPC on October 28, 2010, effective July 1, 2011, and amended on December 29, 2018, as well as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on January 22, 1999, and amended on March 24, 2019, employers are obligated to contribute to basic endowment insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance, and other types of social insurance for their employees. Such contributions are calculated based on specified percentages of employee salaries, subject to minimum and maximum limits periodically set by local government regulations.

Under the Regulations on the Management of Housing Provident Fund (住房公積金管理條例), originally promulgated by the State Council in 1999 and last amended on August 10, 2026, with the latest amendments coming into effect on September 20, 2026, employers are required to complete housing provident fund contribution registration with the relevant Housing Provident Fund Administrative Center and to arrange for the establishment of accounts for their employees, and shall make timely and full contributions to the housing provident fund for their employees.

Regulations on Overseas Listings

On February 17, 2023, the CSRC, as approved by the State Council, released Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法, the “**Overseas Listing Trial Measures**”) and relevant guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures require, among others, that if a company within China directly or indirectly issues stocks or gets listed overseas, it shall file its issuance and listing application documents with the CSRC within 3 working days after its application for overseas listing is submitted. According to Article 8 of the Overseas Listing Trial Measures, an overseas offering and listing is prohibited if (i) it is prohibited by provisions in PRC laws, administrative regulations or relevant state rules, (ii) it may constitute a threat to or endanger national security as reviewed and determined by competent PRC authorities, (iii) the domestic company or any of its controlling shareholders or its actual controller has committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years, (iv) the domestic company intending to make the securities offering and

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listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof, or (v) there are material ownership disputes over equity in the domestic company held by the domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定, the “**Provisions on Confidentiality**”), which took effect on March 31, 2023. Under the Provisions on Confidentiality, if a domestic enterprise provides or discloses to securities companies, securities service institutions, overseas regulatory authorities, or other entities or individuals, either directly or through its overseas listing vehicle, any documents or materials containing state secrets or working secrets of state organs, it must obtain prior approval from the competent examination and approval authority and file the same with the secrecy administrative department at the same level. Where accounting archives or copies thereof are provided to such entities, the enterprise shall follow relevant state procedures.