
REGULATORY OVERVIEW

Our business operations are located in the PRC and are subject to extensive oversight and regulation from the PRC Government. This section provides an overview of the major laws, rules and regulations that may affect key aspects of our business.

LAWS AND REGULATIONS RELATED TO IMPORT AND EXPORT TRADE

According to the Foreign Trade Law of the People’s Republic of China (《中華人民共和國對外貿易法》) (the “Foreign Trade Law”), which was promulgated by the Standing Committee of the National People’s Congress (“SCNPC”) on May 12, 1994 and latest amended on December 30, 2022, the State permits the free import and export of goods and technologies; however, exceptions apply if otherwise stipulated by laws or administrative regulations. Prior to December 30, 2022, according to the Foreign Trade Law before its revision, foreign trade operators engaged in the import and export of goods or technology should register with the foreign trade authorities under the State Council or their authorized agencies; however, exceptions apply to those that are not required to be registered or filed according to laws, administrative regulations, and the regulations of the foreign trade authorities under the State Council. According to the Decision on Amending the Foreign Trade Law of the People’s Republic of China (《關於修改〈中華人民共和國對外貿易法〉的決定》) adopted by the Standing Committee of the National People’s Congress on December 30, 2022, the requirement on the “filing and registration of foreign trade operators” has been deleted and took effect from the date of promulgation of the Decision. Therefore, as a foreign trade operator, starting from December 30, 2022, it is no longer necessary to register as a foreign trade operator.

According to the Customs Law of the People’s Republic of China (《中華人民共和國海關法》) (“Customs Law”), which was promulgated by the Standing Committee of the National People’s Congress on January 22, 1987, and latest amended and became effective on April 29, 2021, and the Administrative Provisions of the Customs of the People’s Republic of China on Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), which were promulgated by the General Administration of Customs on November 19, 2021 and became effective on January 1, 2022, unless otherwise stipulated in the Customs Law, means of transport, goods and articles entering or leaving the country must enter or leave the country through the location of the customs office. Consignors and consignees of import and export goods, as well as customs brokers, shall register with the customs in accordance with the law when handling customs declaration procedures. Imported goods shall be subject to customs supervision from the time of entry into the country until the completion of customs formalities; exported goods shall be subject to customs supervision from the time of declaration to customs until exit from the country; and transit, transshipment, and through transport goods shall be subject to customs supervision from the time of entry into the country until exit from the country. Goods permitted for import and export, as well as articles entering or leaving the country, are subject to customs duties in accordance with the law. The consignee of imported goods, the consignor of exported goods, and the owner of articles entering or leaving the country are the taxpayers of customs duties. The dutiable value of imported and exported goods shall be determined by the Customs based on the transaction price of the goods.

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When the transaction price cannot be determined, the dutiable value shall be estimated by the customs in accordance with the law. As consignors and consignees of import and export goods, our business must comply with the aforementioned PRC laws and regulations.

As of the Latest Practicable Date, we are not aware of any claims or administrative actions brought against us or our PRC subsidiaries concerning the foreign trade business or customs declarations of us or our PRC subsidiaries, nor have we been subject to any related administrative penalties.

LAWS AND REGULATIONS RELATED TO FOREIGN INVESTMENT

Companies established, operated, and managed in China must comply with the Company Law of the People’s Republic of China (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress on December 29, 1993, latest amended on December 29, 2023, and became effective on July 1, 2024. The Company Law of the PRC also applies to foreign investment limited liability companies. If other laws govern foreign investment, those laws shall prevail.

The Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) (the “Foreign Investment Law”) was promulgated by the National People’s Congress (the “NPC”) on March 15, 2019, and the Implementing Regulations 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》) (the “Implementing Regulations”) were issued by the State Council on December 26, 2019, both of which came into effect on January 1, 2020, replacing the three main laws and regulations that previously governed foreign investment in China, namely, the Law of the People’s Republic of China on Sino Equity Joint Venture (《中華人民共和國中外合資經營企業法》), the Law of the People’s Republic of China on Foreign Co-operative Joint Venture (《中華人民共和國中外合作經營企業法》), and the Law of the People’s Republic of China on Foreign-Invested Enterprises (《中華人民共和國外資企業法》), as well as their implementing regulations and other rules. Since then, the Foreign Investment Law has become the unified legal framework for regulating foreign investment in China. According to the Foreign Investment Law, “foreign investment” refers to investment activities conducted directly or indirectly in China by foreign investors (including foreign natural persons, enterprises, or other organizations), including the following situations: (i) Foreign investors, either alone or jointly with other investment, establish foreign investment enterprises in China; (ii) Foreign investors acquire shares, equity interests, property shares or other similar rights in Chinese enterprises; (iii) Foreign investors investing in new projects in China, either alone or jointly with other investment; and (iv) Investment in other ways as stipulated by laws, administrative regulations or the State Council. The Implementing Regulations introduced the principle of transparency and further stipulated that foreign investment enterprises investing in China must also be subject to the Foreign Investment Law and the Implementing Regulations.

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According to the Foreign Investment Law, China adopts a “national treatment access and Negative List” management system for foreign investment, which means that foreign investors enjoy the same treatment as domestic enterprises in the market access stage in industries not included in the Negative List. The Negative List specifies the industries or sectors where foreign investment is restricted or prohibited. Foreign investors can freely enter industries not on the Negative List and enjoy national treatment. The National Development and Reform Commission (the “NDRC”) and the Ministry of Commerce of the PRC (the “MOFCOM”) jointly issued the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (“2024 Negative List”) on September 6, 2024, which came into effect on November 1, 2024. The 2024 Negative List specifies the industries in which foreign investment is prohibited or restricted, as well as special management measures for foreign investment access, including equity interest requirements and executive officers requirements. Industries or sectors not included in the 2024 Negative List will be managed in accordance with the principle of equal treatment for domestic and foreign investment. Our business does not fall under the industries prohibited or restricted for foreign investment in the 2024 Negative List.

According to the Interim Measures for the Administration of Record-filing on the Incorporation and Changes in Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), which were promulgated by the Ministry of Commerce on October 8, 2016, and revised on July 30, 2017 and June 29, 2018, the establishment and changes of foreign investment enterprises that do not involve approval requirements for special access management measures should be filed with the relevant commerce department. On December 12, 2019, the Ministry of Commerce and the State Administration for Market Regulation (the “SAMR”) promulgated the Foreign Investment Information Reporting Measures (《外商投資信息報告辦法》), which came into effect on January 1, 2020, while the Interim Measures for the Administration of Filing for the Establishment and Change of foreign Investment Enterprises were repealed at the same time. According to the Foreign Investment Information Reporting Measures, foreign investors or foreign investment enterprises shall submit investment information to the competent commerce authorities through the enterprise registration system and the National Enterprise Credit Information Publicity System.

If a foreign investor or foreign investment enterprises violates the provisions of the foreign investment Information Reporting Law by failing to submit investment information as required by the Foreign Investment Information Reporting System, the commerce department shall order it to rectify the situation within a specified period; for those who fail to rectify the situation within the specified period will result in penalty fines between RMB100,000 and RMB500,000.

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LAWS AND REGULATIONS RELATED TO FOREIGN EXCHANGE

The Foreign Exchange Control Regulations of the People’s Republic of China (《中華人民共和國外匯管理條例》) were promulgated by the State Council on January 29, 1996, and latest amended and became effective on August 5, 2008. The regulation stipulates that current account transactions (such as transactions involving goods, services, income, and current transfers in the balance of payments) are generally free convertibility; capital account transactions (such as capital transfers, direct investment, securities investment, derivatives and loans) require approval from the competent supervisory authorities. As a manufacturer that sells globally, we comply with the aforementioned regulations when conducting transactions.

The Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“SAFE Circular 37”) was promulgated by the State Administration for Foreign Exchange of the PRC (the “SAFE”) on July 4, 2014, and came into effect immediately, which stipulates that before domestic residents capital contribution their legitimate domestic or foreign assets or rights to special-purpose companies, they must apply to the SAFE for overseas investment foreign exchange registration procedures. A special-purpose companies refers to an overseas company established or indirectly controlled by a domestic resident for investment and financing purposes, using assets or equity of a domestic enterprise that he or she legally holds, or assets or equity of an overseas enterprise that he or she legally holds. Foreign investment enterprises established by round-tripping must complete relevant foreign exchange registration procedures in accordance with the current Foreign Exchange Management Regulations for foreign-direct investments, and should truthfully disclose relevant information such as the de facto controllers of the shareholders.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration (《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 SAFE on June 1, 2015, and latest amended and implemented on December 30, 2019, the administrative approval requirements for foreign exchange registration of domestic direct investment and overseas direct investment have been abolished. Banks are authorized to conduct foreign exchange registration and other related business for direct investment under the guidance of the local foreign exchange bureau.

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LAWS AND REGULATIONS RELATED TO PRODUCTION LICENSE OF INDUSTRIAL PRODUCTS

According to the Regulation of the PRC on the Administration of Production License for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), which were promulgated by the State Council on July 9, 2005, and latest amended and became effective on July 20, 2023, the Measures for the Implementation of the Regulations of the PRC Administration of Production Licenses for Industrial (《中華人民共和國工業產品生產許可證管理條例實施辦法》), which were promulgated by the State Administration for Market Regulation on September 15, 2005, and latest amended on March 18, 2025, and became effective on May 1, 2025, and the Catalogue of Industrial Products under Production Permit System (2012)(《實行生產許可證制度管理的產品目錄(2012)》), which was promulgated and implemented by the State Administration for Quality Supervision, Inspection and Quarantine on November 20, 2012, the state implements a production license system for enterprises that produce important industrial products such as wood-based panels, and enterprises must submit an application to the relevant quality supervision authority to obtain a production license before they can produce wood-based panels. The state prohibits enterprises that have not obtained a production license from producing wood-based panels and related products. No entity or individual may produce products listed in the catalog without obtaining a production license. No entity or individual may sell or use listed products that have not obtained a production license in operating activities.

According to the Decision of the State Council on Adjusting and Improving the Catalogue of Industrial Product Production License Management (《國務院關於調整完善工業產品生產許可證管理目錄的決定》), which was issued and became effective on May 3, 2024, the State Council decided to implement industrial product production license management for products such as plywood and blockboard, which shall be implemented by the provincial-level industrial product production license authorities.

According to the Announcement of the State Administration for Market Regulation on Relevant Matters Concerning the Implementation of the Decision of the State Council on Adjusting and Improving the Catalogue of Industrial Product Production License Management (《國家市場監督管理總局關於貫徹落實<國務院關於調整完善工業產品生產許可證管理目錄的決定>有關事項的公告》), which was promulgated by the SAMR and became effective on June 25, 2024, a three-month transition period was set for the implementation of industrial product production license management for products such as plywood and blockboard; from September 25, 2024, enterprises that have not obtained an industrial product production license shall not produce the above products.

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LAWS AND REGULATIONS RELATED TO PRODUCT QUALITY AND CONSUMER PROTECTION

According to the Product Quality Law the People’s Republic of China (《中華人民共和國產品質量法》) (“Product Quality Law”), which was promulgated by the SCNPC on February 22, 1993, and revised and came into effect on December 29, 2018, all activities involving the production and sale of products within the territory of the People’s Republic of China must comply with this law. Producers are responsible for the product quality they produce, and sellers should take measures to maintain the quality of the products they sell. Producers and sellers should establish and improve their internal product quality management systems and strictly implement job quality standards, quality responsibilities, and corresponding assessment methods. We have adopted standard quality management systems and implemented internal quality control policies.

According to the Law of the People’s Republic of China on Protection of Consumer Rights and Interest (《中華人民共和國消費者權益保護法》), which was promulgated by the SCNPC on October 31, 1993, and latest amended on October 25, 2013 and became effective on March 15, 2014, businesses providing goods or services to consumers shall abide by social ethics, operate in good faith, and protect the lawful interest of consumers; operators shall not set unfair or unreasonable trading conditions, nor shall they force transactions. Operators must ensure that the goods or services they provide meet the requirements for protecting personal and property safety; furthermore, when providing consumers with information about the quality, performance, uses, and expiration dates of goods or services, operators must ensure that the information is truthful and comprehensive, and must not make false or misleading claims.

According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》) (“Civil Code”), which was promulgated by the National People’s Congress on May 28, 2020 and came into effect on January 1, 2021, if a customer suffers damages due to a defective product, the injured party may claim compensation from the product’s manufacturer; if a product defect endangers the personal safety or property of a customer, the injured party has the right to request the manufacturer to bear tort liability such as ceasing the infringement, removing the obstruction, and eliminating the danger. Therefore, if a product defect endangers the personal safety or property of a customer, the injured party has the right to demand that we bear tort liability such as ceasing the infringement, removing the obstruction, or eliminating the danger.

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LAWS AND REGULATIONS ON CONSTRUCTION

(1) State-Owned Land Use Rights

According to the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法》), which was promulgated by the SCNPC on June 25, 1986, latest amended on August 26, 2019 and became effective on January 1, 2020, the Regulation on the Implementation of the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法實施條例》), which was latest amended by the State Council on July 2, 2021 and became effective on September 1, 2020, and the Provisional Regulations of the People’s Republic of China for the Grant and Assignment of the Right to Use State Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), which was promulgated by the State Council on May 19, 1990 and became effective on the same date, latest amended on November 29, 2020 and became effective on the same date, except for the allocation of the State-owned land use right by the State within the scope prescribed by law, the State shall implement a system of the compensated use of State-owned land in accordance with law. The modes for the compensated use of State-owned land mainly include granting of the right to use State-owned land, leasing of State-owned land, and contributing the State-owned land use rights as capital contribution or equity investment. Land use rights may be granted by ways of agreements, tenders and auctions. Granting of land use rights shall be effected with the execution of a grant of land-use rights contract and the payment of land premium.

(2) Construction Land Planning Permit

According to the Urban and Rural Planning Law of the People’s Republic of China (《中華人民共和國城鄉規劃法》), which was promulgated by the SCNPC on October 28, 2007 and latest amended with effect from April 23, 2019, a Construction Land Planning Permit is required for the use of both allocated land and granted land. For construction projects within the PRC, we shall obtain the relevant construction land planning permits.

(3) Construction Work Planning Permit

According to the Urban and Rural Planning Law of the People’s Republic of China (《中華人民共和國城鄉規劃法》), where construction work is conducted in a city or town planning area, the relevant construction entity or individual shall apply for a construction work planning permit from the competent authority of the people’s government of a city or county in charge of urban and rural planning, or the people’s government of a city or county, the people’s government of a town as determined by the people’s government of a province, autonomous region or municipality directly under the Central Government. For construction projects within the PRC, we shall obtain the relevant construction work planning permits.

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(4) Construction Work Permit

According to the Construction Law of the People's Republic of China (《中華人民共和國建築法》), which was promulgated by the Standing Committee of the National People's Congress on November 1, 1997 and latest amended with effect from April 23, 2019, prior to commencing construction, the construction entity shall apply for a Construction Work Permit from the competent construction administrative department of the local people's government at or above the county level in accordance with national regulations, except for small-scale projects below the threshold set by the State Council's construction administrative department. Construction projects approved for commencement according to the authority and procedures prescribed by the State Council are exempted from obtaining a construction work permit. For construction works within China, we are required to obtain the relevant construction work permit.

(5) Completion Acceptance of Construction Projects

According to the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC ("MOHURD") on December 2, 2013 with immediate effect, after completing the project, an inspection team comprising design, survey, construction, supervision units should be established. Each unit is required to report the compliance status of engineering contracts, the implementation of laws, regulations and mandatory standards for construction in various aspects of the construction.

According to the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》), which was promulgated by the MOHURD on October 19, 2009 with immediate effect, a construction entity shall go through the filing formalities with the construction administrative department of the people's government at or above the county level at the place where the project is located within 15 days as of the date on which the as-built inspection of the project is passed.

REAL ESTATE LEASING

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. According to the Measures for the Administration of Commodity 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 and implemented on February 1, 2011,

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within 30 days after the conclusion of a housing lease agreement, the lessor and lessee shall register the lease with the competent construction (real estate) authorities of the people's government of municipalities, city or counties where the leased property is located. Failure to comply with the filing requirement shall result in an order to make corrections within a specified period. If the corrections are not made within the stipulated time, a fine of between RMB1,000 and RMB10,000 will be imposed.

LAWS AND REGULATIONS ON 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 promulgated by the SCNPC on December 26, 1989, latest amended on April 24, 2014 and became effective on January 1, 2015, enterprises, institutions, and other production operators that discharge pollutants are required to take measures to prevent and control environmental pollution and harm caused by waste gas, wastewater, solid waste, medical waste, dust, foul odors, radioactive substances, noise, vibration, light radiation, and electromagnetic radiation during production, construction, or other activities. Enterprises and institutions that discharge pollutants shall establish an environmental protection responsibility system, clearly defining the responsibilities of the unit's leaders and relevant personnel. The pollution prevention and control facilities in construction projects must be designed, constructed, and put into use simultaneously with the main project. The preparation of relevant development and utilization plans and the construction of the projects having impact on environment shall be subject to environmental impact assessment in accordance with the law. For any development and utilization plan in absence of the environmental impact assessment in accordance with the law, the plan shall not be implemented; for any construction project in absence of the environmental impact assessment in accordance with the law, the construction of the project shall not be commenced.

According to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on October 28, 2002, latest amended and became effective on December 29, 2018, and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998, latest amended on July 16, 2017 and became effective on October 1, 2017, the state implements a classified management system for environmental impact assessments of construction projects based on the extent of their environmental impact. For projects that may cause significant environmental impacts, an environmental impact report shall be prepared to conduct a comprehensive assessment of the potential environmental impacts; for projects that may cause minor environmental impacts, an environmental impact report form should be prepared to analyze or conduct a specialised assessment of the potential environmental impacts; and for projects with minimal environmental impact that do not require an environmental impact assessment, an environmental impact registration form should be filed. The environmental impact report and report form for construction projects shall be submitted by the construction entity to the competent environmental authority, while the environmental impact registration form shall be filed with the competent environmental authority. If the

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environmental impact assessment documents for a construction project have not been reviewed by the competent environmental authority or have not received approval after review, the construction entity shall not commence construction.

LAWS AND REGULATIONS RELATED TO FIRE PROTECTION

According to the Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, and latest amended and became effective on April 29, 2021, construction projects that are required to undergo fire protection acceptance are prohibited from being put into use if they have not undergone fire protection acceptance or have failed the fire protection acceptance; other construction projects that fail random inspections should be taken out of service; enterprises shall fulfill their fire protection safety responsibilities.

LAWS AND REGULATIONS RELATED TO PRODUCTION 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 promulgated by the SCNPC on June 29, 2022, and latest amended on June 10, 2021 and became effective on September 1, 2021, the production and business operation entities shall be equipped with the conditions for safe production as provided in the present law and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not equipped with the conditions for safe production may not engage in production and business operation activities. The safety responsibility system for all employees of a production and business operation entity shall specify the personnel responsible for each position, the scope of responsibility and the assessment criteria.

LAWS AND REGULATIONS RELATED TO NETWORK DATA COMPLIANCE

The SCNPC promulgated the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) on June 10, 2021, which became effective on September 1, 2021, for the establishment of a data classification and hierarchical protection system to conduct classified and hierarchical protection of data. Entities carried out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations.

According to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which was promulgated by the Cyberspace Administration of China on July 7, 2022 and became effective on September 1, 2022, the data processor providing data to overseas recipients and falling under any of the following circumstances shall submit a the security assessment of outbound data transfer to the national cybersecurity authority through the provincial cybersecurity authority in which it is located: (i) where the data processor intends to provide important data to overseas recipients; (ii) where a critical information infrastructure operator and a data processor who has processed personal information of more

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than 1,000,000 individuals intends to provide personal information to overseas recipients; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the previous year, intends to provide personal information to overseas recipients; and (iv) other circumstances where the security assessment of outbound data transfer is required as prescribed by the national cybersecurity authority.

According to the Measures for the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》), which were promulgated by the Cyberspace Administration of China on February 22, 2023 and became effective on June 1, 2023, a personal information processor that provide personal information to overseas recipients through the conclusion of the standard contract shall meet all of the following circumstances: (i) it is not a critical information infrastructure operator; (ii) it has processed the personal information of less than one million individuals; (iii) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since January 1 of the previous year; and (iv) it has cumulatively provided the sensitive personal information of less than 10,000 individuals to overseas recipients since January 1 of the previous year. According to the Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), a data processor that is not a critical information infrastructure operator will be exempted from declaring for security assessment for outbound data transfer, signing a standard contract for outbound transfer of personal information or passing the personal protection certification, if such data processor has cumulatively provided the non-sensitive personal information of not less than 100,000 individuals to overseas recipients since January 1 of the current year.

LAWS AND REGULATIONS RELATED TO PERSONAL INFORMATION PROTECTION

According to the Civil Code, personal information of natural persons is protected by law. Any organization or individual that needs to obtain personal information of others shall obtain it in accordance with the law and ensure the security of the information, and shall not illegally collect, use, process, or transmit personal information of others, or illegally buy, sell, provide or disclose personal information of others. 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 SCNPC on August 20, 2021 and became effective on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

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 promulgated by the SCNPC on November 7, 2016, and latest amended on October 28, 2025 and became effective on January 1, 2026, network operators shall abide by the principles of legality, legitimacy, and necessity when collecting and using personal information, publicly disclose the collection and use rules, clearly state the purpose, method, and scope of information collection and use, and obtain the consent of the individuals

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whose personal information is being collected. Network operators are not allowed to collect personal information irrelevant to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; and are not allowed to provide personal information to others without the consent of the individuals whose personal information is being collected. Network operators shall take technical measures and other necessary measures to ensure the security of the personal information they collect and to prevent information leakage, damage or loss.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

(1) Patent

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, latest amended on October 17, 2020, with the latest revision effective on June 1, 2021, and the Implementation Rules for 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 promulgated by the State Council on December 21, 1992 and latest amended on December 11, 2023, with the latest revision effective on January 20, 2024, patent in PRC shall be categorized as invention, utility model and design. The validity period of patent rights for an invention shall be 20 years, the validity period of patent rights for a utility model shall be 10 years and the validity period of patent rights for a design shall be 15 years, commencing from the filing date. Patent holders’ rights are protected by law. Any person intending to exploit a patent is required to obtain the consent or authorisation of the patent holder. Any unauthorised exploitation of a patent may constitute patent infringement.

(2) Trademark

According to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), which was promulgated by the SCNPC on August 23, 1982, latest amended on April 23, 2019, with the latest revision effective on November 1, 2019, and the Implementation Regulations for 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 promulgated by the State Council on August 3, 2002, latest amended on April 29, 2014, with the latest revision effective on May 1, 2014, natural persons, legal persons, or other organizations that seek to obtain exclusive rights to a trademark in respect of their commodities or services shall apply for trademark registration. The exclusive right to use a registered trademark is limited to the commodities specified for use. A registered trademark shall be valid for 10 years, commencing from the date of approval of the registration. Without the permission of the trademark registrant, the use of a trademark identical to a registered trademark on the same commodities, or the use of a trademark similar to a registered trademark on the same or similar commodities and is likely to cause confusion, constitutes an infringement of the exclusive right to use the registered trademark.

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(3) Trademark Licensing

According to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), Trademark registrants may authorize others to use their registered trademarks by signing trademark licensing agreements. The Licensor shall have the right to supervise and inspect the quality of the goods on which the licensed registered trademark is used by the licensee. The licensee shall be responsible for ensuring that the quality of the goods bearing the licensed registered trademark. The trademark licensing agreements shall be filed with the China National Intellectual Property Administration (CNIPA).

According to the Guidelines on Trademark License Recordation Procedures (《關於商標使用許可備案程序的指引》), which was promulgated by the China National Intellectual Property Administration and became effective on October 29, 2024, a trademark licence refers to an arrangement whereby a trademark registrant grants, for consideration, to another party the right to use all or part of its registered trademark(s) within an agreed term and territorial scope. Under such arrangements, the trademark registrant is the licensor, and the party authorised to use the trademark is the licensee. A trademark licence is distinct from the assignment or transfer of a trademark, as it does not result in any change in ownership of the trademark. Instead, it constitutes an exercise of the trademark registrant’s rights and enables the registrant to further realise the commercial value of the trademark. Based on the allocation of rights and obligations between the parties, trademark licences are generally classified into three categories: ordinary (non-exclusive) trademark licences, exclusive trademark licences and sole trademark licences. In practice, subject to compliance with applicable PRC laws and regulations, the parties may agree in a trademark licence agreement on matters including, among others, the type of licence, scope of authorisation, licence term, manner of use, scope of goods or services, quality control requirements and liability for breach, taking into account factors such as the relevant trademarks and business strategies.

(4) The Copyright Law

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 promulgated by the SCNPC on 7 September 1990 and became effective on June 1, 1991, and last amended on 11 November 2020 and became effective on June 1, 2021, works of Chinese citizens, legal persons or other organisations, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms, whether published or not, shall enjoy copyright. Copyright owners enjoy various rights, including, among others, the right of publication, the right of authorship and the right of reproduction.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which were promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), which were amended by the State Council on January 30, 2013 and became effective on March 1, 2013, the National Copyright Administration is responsible for the supervision and administration of computer software copyright registration in China. The

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National Copyright Administration has designated the China Copyright Protection Center as the authority responsible for computer software copyright registration. The China Copyright Protection Center shall issue computer software copyright registration certificates to applicants whose applications comply with the provisions of the Measures for the Registration of Computer Software Copyright and the Regulations on the Protection of Computer Software.

(5) Domain Name

Domain names are protected by the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》), which were promulgated by the Ministry of Industry and Information Technology of the PRC on August 24, 2017 and became effective on November 1, 2017. Domain name registrations are processed through domain name registration service institutions established in accordance with relevant laws and regulations. Upon completion of the registration procedures, the applicant shall become the holder of the domain name.

LAWS AND REGULATIONS ON LABOR PROTECTION

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994, latest amended and became effective on December 29, 2018 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 promulgated by the SCNPC on June 29, 2007, latest amended on December 28, 2012 and became effective on July 1, 2013, an employment relationship shall be established between the employer and the employee from the date of employment. A written labor contract must be concluded when establishing employment relationship. The state implements a minimum wage guarantee system, with specific minimum wage standards set by the people's governments of provinces, autonomous regions, and municipalities, and reported to the State Council for record-keeping. Employers must pay their employees no less than the local minimum wage standard. Employers are required to establish and improve labor safety and hygiene systems, strictly enforce national labor safety and hygiene regulations and standards, and provide safety and health education to employees to prevent workplace accidents and reduce occupational hazards. Employers must also establish and improve labor rules to ensure that employees enjoy their labor rights and fulfill their labor obligations.

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 promulgated by the SCNPC on October 28, 2010, latest amended and became effective on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999, amended and effective on March 24, 2019, the Interim Measures for Enterprise Employee Maternity Insurance (《企業職工生育保險試行辦法》), which was promulgated by the Ministry of Human Resources and Social Security on December 14, 1994 and became effective on January 1, 1995, the Regulations on Unemployment Insurance (《失業保險條例》), which was promulgated by the State Council and became effective on January 22, 1999, and the Regulations on Work Related Injury Insurance (《工傷保險條例》), which was promulgated by the State Council on April 27, 2003

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and amended on December 20, 2010 and became effective on January 1, 2011, the employee must participate in basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance, with contributions jointly made by both the employer and the employee. Both the employer and the employee shall jointly contribute to unemployment insurance premiums, medical insurance premiums and pension insurance premiums; while the employer shall be solely responsible for paying the work-related injury insurance premiums and maternity insurance premiums. If an employer fails to register for social insurance, the social insurance administrative department shall order the employer to correct the violation within a specified period. If the employer fails to make corrections within the specified period, a fine of not less than one time and not more than three times the amount of the social insurance premiums due shall be imposed on the employer. If an employer fails to pay social insurance premiums in full and on time, the social insurance collection agency shall order the employer to pay or make up the arrears within a specified period. From the date of default, a daily late fee of 0.05% of the overdue amount will be charged. If the payment is still not made after the deadline, the relevant administrative department may impose a fine of not less than one time and not more than three times the unpaid amount.

According to the Regulations on the Administration of Housing Fund (《住房公積金管理條例》), which were promulgated by the State Council on April 3, 1999 and latest amended on March 24, 2019, the employer shall register with the Housing Provident Fund Management Center for housing provident fund contributions and establish housing provident fund accounts for its employees. Both the employer and the employee shall jointly contribute to the Housing Provident Fund. If an employer fails to register for housing provident fund contributions or fails to establish housing provident fund accounts for its employees, the Housing Provident Fund Management Center shall order the employer to complete the registration within a specified period. If the employer fails to comply within the specified period, a fine between RMB10,000 and RMB50,000 may be imposed. If the employer delays or underpays the housing provident fund contributions, the Housing Provident Fund Management Center shall order the employer to make the contributions within a specified period. If the employer still fails to comply, the center may apply to the People’s Court for enforcement.

LAWS AND REGULATIONS RELATED TO TAXATION

(1) 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》) (the “EIT Law”), which was promulgated by the National People’s Congress on March 16, 2007 and latest amended with effect from December 29, 2018, and the Regulations for 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 promulgated by the State Council on December 6, 2007 and became effective on January 1, 2008, latest amended on December 26, 2024 and became effective on January 20, 2025, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but

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whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A resident enterprise shall pay EIT on its income derived from sources within and outside the PRC; if a non-resident enterprise has offices or establishments in the PRC, it shall pay EIT on the income derived from sources within the PRC and the income derived from sources outside the PRC that has real connection with the said offices or establishments; if a non-resident enterprise does not have offices or establishments in the PRC, or if it has offices or establishments but the income it derives has not actual connection to its offices or establishments, it shall pay EIT on the income derived from sources within the PRC. Except as otherwise provided by Chinese laws and regulations, the EIT rate is 25%. The preferential EIT rate is applicable to any major industries or projects supported or encouraged by the state. High and new technology enterprise supported by the state are entitled to pay the EIT at a reduced rate of 15%.

(2) Value-added Tax

According to the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and latest amended with effect from November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance of the People's Republic of China (the "MOF") on December 25, 1993, latest amended on October 28, 2011 and became effective on November 1, 2011, units and individuals selling goods or processing, repair and fitting-out services, selling services, intangible assets, immovable property and importing goods within the territory of the PRC shall be subject to VAT. According to the Notice of the MOF and the State Administration of Taxation on the Adjustment of the Value-added Tax Rate (《財政部、稅務總局關於調整增值稅稅率的通知》), which was promulgated on April 4, 2018 and became effective on May 1, 2018 and the Announcement on the Relevant Policies on Deepening the Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated by of the MOF, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, except as otherwise provided by Chinese laws and regulations, the VAT rate applicable to taxpayers that sell goods, provide labor services, lease tangible movable property service or import goods is 13%; the VAT rate applicable to taxpayers that engage in the leasing of immovable property or sale of transportation services is 9%; the VAT rate applicable to taxpayers that sell services or intangible assets is 6%. According to the Announcement of the Ministry of Finance, the State Taxation Administration and the Ministry of Housing and Urban-Rural Development on Improving the Relevant Tax Policies for Housing Rental (《財政部稅務總局住房城鄉建設部關於完善住房租賃有關稅收政策的公告》), which was promulgated by the MOF, the SAT and the Ministry of Housing and Urban-Rural Development on July 15, 2021 and implemented on October 1, 2021, from October 1, 2021 onwards, general VAT taxpayers that are housing leasing enterprises and lease residential properties to individuals may elect to apply the simplified taxation method to their total rental income, under which VAT is calculated and paid at a reduced levy rate of 1.5% based on the

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5% levy rate, or alternatively apply the general taxation method to calculate and pay VAT. Small-scale VAT taxpayers that are housing leasing enterprises and lease residential properties to individuals shall calculate and pay VAT at a reduced levy rate of 1.5% based on the 5% levy rate.

LAWS AND REGULATIONS RELATED TO OVERSEAS LISTING

The China Securities Regulatory Commission (the “CSRC”) promulgated the Trial Administrative Measures for the Overseas Securities 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”), together with five related guidelines, on February 17, 2023. These came into effect on March 31, 2023 and replaced the principal prior laws and regulations governing overseas listings by Chinese enterprises, namely the Special Provisions of the State Council on Issuing and Listing of Shares Abroad by Companies Limited by Shares (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Notice of the State Council Regarding the Further Strengthening of the Administration of the Share Issuance and Listing of Joint Stock Company outside the Mainland (《國務院關於進一步加強在境外發行股票和上市管理的通知》).

Pursuant to the Trial Measures for Overseas Listing, where a domestic company seeks to indirectly offer and list securities in overseas markets, the issuer shall designate a major domestic operating entity, which shall, as the domestic responsible entity, file with the CSRC. Where an issuer conducts an initial public offering or listing overseas, the domestic responsible person shall complete the filing with the CSRC within three working days after the issuer submits the offering and listing application documents overseas. Where any of the following circumstances exists, a domestic enterprise shall not issue securities or be listed overseas: (1) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) where the domestic company intending to make the securities offering and 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; (5) where there are material ownership disputes over equity held by the domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. We have designated Yunfeng New Materials as the responsible entity and will submit the filing application to the CSRC within three working days after this document is submitted to the Stock Exchange.

Pursuant to the Trial Measures for Overseas Listing, where a domestic company fails to fulfill filing procedure as stipulated by the Trial Measures for Overseas Listing, or offers and lists securities in an overseas market, the CSRC shall order rectification, issue warnings to such domestic company, and impose a fine of between RMB1 million and RMB10 million. Directly

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liable persons-in-charge and other directly liable persons shall be warned and each imposed a fine of between RMB500,000 and RMB5 million. Controlling shareholders and actual controllers shall be imposed a fine of RMB1 million and RMB10 million.

In addition, on February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of China promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering and Listing by Domestic Enterprises 關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定 (the “Confidentiality and Archives Administration Provisions”), which came into effect on 31 March 2023. According to the requirements under the Confidentiality and Archives Administration Provisions, during the process of overseas issuance and listing by domestic enterprises, domestic enterprises and the securities companies and securities service institutions providing relevant services shall strictly comply with the requirements under the applicable PRC laws and regulations and the requirements of these provisions, strengthen legal awareness of safeguarding state secrets and enhancing archives administration, establish and improve confidentiality and archives management systems, and adopt necessary measures to implement confidentiality and archives management responsibilities. They shall not disclose state secrets or working secrets of state organs, nor harm national or public interests. We have adopted policies relating to confidentiality and archives administration in connection with overseas [REDACTED] of securities and [REDACTED], and strictly implemented relevant procedures in order to comply with the requirements under the applicable PRC laws and regulations and the foregoing provisions.