The contents disclosed in this section summarize the applicable laws and regulations in the jurisdictions in which we operate that currently have a material impact on our business operations. They do not constitute a comprehensive or detailed analysis, nor do they purport to cover all laws and regulations that may be relevant to our business. Such laws and regulations are subject to change.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN THE PRC

Laws and Regulations relating to Motors, Drives, and Control Systems

According to the Made in China 2025 (《中國製造2025》) promulgated by the State Council on May 8, 2015, which should promote the deep integration of information technology and industrialization, and accelerate the development of intelligent manufacturing equipment and products. Breakthroughs in new sensors, intelligent measuring instruments, industrial control systems, servo motors and drives, and reducers and other intelligent core devices promote engineering and industrialization. Vigorously promote breakthroughs in key areas. Develop several precision, high-speed, high-efficiency, flexible CNC machine tools and basic manufacturing equipment, and integrated manufacturing systems. Accelerate the research and development of cutting-edge technologies and equipment such as high-grade CNC machine tools and additive manufacturing. Focusing on improving reliability and precision retention, develop high-grade CNC systems, servo motors, bearings, gratings, and other major functional components and key application software, and accelerate industrialization.

On October 20, 2020, the General Office of the State Council issued the New Energy Vehicle Industry Development Plan (2021-2035) (《新能源汽車產業發展規劃(2021–2035年)》), which explicitly called for the enhancement of industrial basic capabilities. Deepen the "three horizontal" layout of power battery and management system, drive motor and power electronics, networking and intelligent technology, and build a key parts and components technology supply system. Explore a new generation of automotive motor drive system solutions, and strengthen the development of key components and systems for intelligent networked vehicles. At the same time, it will implement the basic technology upgrading project for NEVs. Breakthroughs will be made in key technologies and products such as automotive-grade chips, automotive operating systems, new electrical and electronic architectures, and high-efficiency and high-density drive motor systems.

On December 21, 2021, the Ministry of Industry and Information Technology (**MIIT**), the National Development and Reform Commission (**NDRC**), the Ministry of Education (**MOE**), the Ministry of Science and Technology (**MOST**), the Ministry of Finance (**MOF**), and other governmental departments jointly issued the "14th Five-Year Plan for the Development of Intelligent Manufacturing" (《"十四五"智能製造發展規劃》), which puts industrial control equipment such as advanced controllers, high-precision servo-driven systems, intelligent numerical-control systems, high-end distributed control systems, programmable logic controllers, surveillance control and Data Acquisition System and other industrial control equipment are included in the intelligent manufacturing equipment innovation and development action.

On July 7, 2022, the Ministry of Industry and Information Technology (**MIIT**), the National Development and Reform Commission (**NDRC**), and the Ministry of Ecology and Environment (**MOE**) issued the "Implementation Plan for Carbon Peak in the Industrial Sector" (《工業領域碳達峰實施方案》) to improve the energy efficiency of key energy-using equipment. Implement the energy efficiency improvement program for transformers, motors, etc., and promote energy-saving renovation and upgrading of key energy-using equipment systems, such as industrial kilns, boilers, compressors, fans, and pumps. It focuses on promoting new energy-saving equipment such as rare-earth permanent magnet iron-coreless motors, extra-high-power high-voltage frequency-conversion transformers, triangular three-dimensional rolled-iron core structure transformers, controllable heat-tube energy-saving heat-treatment furnaces, variable-frequency stepless speed-change fans, and magnetically levitated centrifugal fans.

According to the Guidance Catalog for Industrial Structure Adjustment (2024 edition) (《產業結構調整指導目錄(2024年本)》) issued by the National Development and Reform Commission on December 27, 2023 and implemented on February 1, 2024, high-precision gearboxes, high-performance servo systems, intelligent controllers, intelligent integrated joints and other key parts and components for robots, numerical control systems for high-end numerical control machine tools, servo drives and motors, and drive motor systems for electric vehicles have been included in the Encouragement Category Industry.

Laws and Regulations relating to Environmental Protection

Environmental Protection

Under the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) ("**Environmental Protection Law**" or "**EPL**") promulgated by the Standing Committee of the National People's Congress ("**NPCSC**") on December 26, 1989, amended on April 24, 2014 and effective as of January 1, 2015, any enterprise or undertaking that discharges or will discharge pollutants in the course of its operations or other activities, shall adopt effective environmental protection measures and procedures to control and properly deal with waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise, vibration, electromagnetic wave radiation and other hazards generated in the course of such activities.

On October 28, 2002, the Standing Committee of the National People's Congress promulgated 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 last amended on December 29, 2018. According to the Environmental Impact Assessment Law, the State Council implements environmental impact assessment and categorizes construction projects based on their impact on the environment.

According to the Interim Measures for Environmental Protection Acceptance of Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which came into effect on November 20, 2017, and the Regulations on the Administration of Environmental Protection of Construction Projects, which were amended on July 16, 2017 and implemented on October 1, 2017, upon completion of a construction project that requires the issuance of an environmental impact report or an environmental impact report form, the construction unit shall, following the standards and procedures stipulated by the administrative department of environmental protection, carry out an environmental protection acceptance of the completion of the project and prepare an acceptance report. A construction project that requires the issuance of an environmental impact report or an environmental impact report form may be put into production or use only after the completion of the environmental protection acceptance.

Laws and Regulations relating to Imported and Exported Goods

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》), promulgated by the Standing Committee of the National People's Congress on May 12, 1994, and last revised on December 30, 2022, the competent department of foreign trade of the State Council is responsible for foreign trade throughout the country. The competent department of foreign trade of the State Council, in conjunction with other relevant departments of the State Council, formulates, adjusts, and publishes lists of goods and technologies that are restricted or prohibited from import or export. The competent authority for foreign trade under the State Council, or in conjunction with other relevant departments of the State Council, may, with the approval of the State Council, temporarily decide to restrict or prohibit the import or export of specific goods or technologies not included in the aforementioned lists, within the scope prescribed by law.

According to the Measures for the Record Registration of Foreign Trade Operators (《對外貿易經營者備案登記辦法》) promulgated by the Ministry of Commerce (MOFCOM) on June 25, 2004, which came into effect on July 1, 2004 and was last amended on May 10, 2021, foreign trade operators engaged in the import and export of goods or the import and export of technology shall apply for the record registration with the MOFCOM or the agency entrusted by the MOFCOM; except for the cases where the record registration is not required under the provisions of any laws, administrative regulations or the provisions of the MOFCOM. If a foreign trade operator fails to apply for the record registration following the relevant provisions, the Customs shall not handle the customs clearance of imported and exported goods.

According to the "Notice on Matters Relating to the Filing of Consignees and Consignees of Import and Export Goods" (《關於進出口貨物收發貨人備案有關事宜的通知》) promulgated by, which came into effect on the same day, and the General Administration of Customs of the People's Republic of China on January 3, 2023 "Provisions of the People's Republic of China on the Record Management of Customs Brokerage Units of the Customs Service of the People's Republic of China" (《中華人民共和國海關報關單位備案管理規定》) promulgated on November 19, 2021, which came into effect on January 1, 2022, the consignee or consignee of imported or exported goods or the customs brokerage company applying for filing shall acquire Market Entity Qualification; among them, if the consignee or consignor of import and export goods applies for filing, it shall also obtain the foreign trade operator filing. If the consignee or consignor of imported or exported goods and the customs declaration enterprise have applied for the record of customs declaration unit, its branches that meet the conditions of the preceding paragraph may also apply for the record of customs declaration unit.

Laws and Regulations relating to Overseas Direct Investment

The Measures for the Administration of Overseas Investment (《境外投資管理辦法》) were promulgated by the Ministry of Commerce ("**MOFCOM")** on September 6, 2014, and came into effect on October 6, 2014. As defined in the Measures for the Administration of Outbound Investment, outbound investment refers to the behavior of an enterprise legally established in China that owns a non-financial enterprise or acquires the ownership, control, operation, and management rights and other interests of an established non-financial enterprise outside China by way of new establishment, merger, and acquisition and other means. If an enterprise's overseas investment involves sensitive countries and regions or sensitive industries, it shall be subject to approval management. In other cases of overseas investment, the implementation of record management is required. Local enterprises shall report to the competent provincial commerce department of their location for the record. Eligible enterprises will be recorded and granted a Certificate of Enterprise Overseas Investment by the provincial commerce department.

Laws and Regulations relating to Labor and Social Insurance

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), promulgated by the Standing Committee of the National People's Congress on July 5, 1994, and last revised and re-enacted on December 29, 2018, Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), promulgated by the Standing Committee of the National People's Congress on June 29, 2007, effective on January 1, 2008, revised on December 28, 2012, and re-enacted on July 1, 2013, and the Implementing Regulations of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008, and effective on the same day, employers shall strictly comply with national standards and provide relevant training to employees 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》) promulgated by the Standing Committee of the National People's Congress ("**NPC**") on October 28, 2010 and amended and newly effective on December 29, 2018, and the Provisional Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) newly amended and effective on March 24, 2019 by the State Council, an enterprise in the PRC shall, following the statutory contribution base and the contribution ratio, pay for its employees' pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, and basic medical insurance. Failure to pay the relevant contributions in full and on time to the relevant local administrative authorities may result in the employer being ordered to make up the contributions or fined.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and last amended and newly effective on March 24, 2019, employers shall register with the Housing Provident Fund Management Center for the payment of housing provident fund contributions, and shall pay the housing provident fund contributions on time and in full. If an employer fails to pay or underpays the housing provident fund, the Housing Provident Fund Management Center shall order the employer to pay the fund within a certain period; if the employer still fails to pay the fund after the expiration of the period, the employer may apply to the People's Court for compulsory execution.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases, which was deliberated and adopted by the Adjudication Committee of the Supreme People's Court on February 17, 2025, and came into force on September 1, 2025, where an employer and an employee agree, or an employee undertakes to the employer, that social insurance premiums need not be paid, the people's court shall determine such agreement or undertaking to be invalid. Where an employer fails to pay social insurance premiums in accordance with the law, and an employee claims to terminate the labor contract and demand the employer to pay economic compensation in accordance with the provisions of Item 3 of Article 38 of the Labor Contract Law, the people's court shall support such claim in accordance with the law. Under the circumstances specified in the preceding paragraph, if the employer has paid the social insurance premiums retroactively in accordance with the law and then claims that the employee shall return the compensation for social insurance premiums already paid, the people's court shall support such claim in accordance with the law.

Laws and Regulations relating to Intellectual Property Rights

Copyright

The Standing Committee of the National People's Congress promulgated the Copyright Law of the People's Republic of China(《中華人民共和國著作權法》) ("**Copyright Law**") on September 7, 1990, which came into effect on June 1, 1991 and was amended on October 27, 2001, February 26, 2010 and November 11, 2020, respectively, with the most recent amendment coming into effect on June 1, 2021. According to the Copyright Law, Chinese citizens, legal persons, or other organizations enjoy copyright in respect of their works, whether published or unpublished, including (among others) works of literature, art, natural sciences, social sciences, engineering technology, and computer software. Owners of copyright enjoy several legal rights, including the right to publish, the right of attribution, and the right of reproduction. Infringers of copyrights shall be subject to civil liability, including cessation of the infringement, apology to the copyright owner, and compensation for damages to the copyright owner. In serious cases, copyright infringers may also be fined and/or subject to administrative or criminal liability.

Trademarks

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the Standing Committee of the National People's Congress ("**NPC**") on August 23, 1982 and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, the Trademark Office of the State Administration for Industry and Commerce ("**SAIC**") under the State Council is responsible for the registration and administration of trademarks in the PRC. A Trademark Review and Adjudication Board ("**TRAB**") has been established under the SAIC under the State Council to handle trademark disputes. A registered trademark is valid for ten years from the date of approval of registration. The registrant shall apply for renewal within twelve months before the expiration of the registration. If the registration is not renewed within this period, a grace period of six months may be granted. The expiration of the grace period does not apply to renewal procedures; the registered trademark is canceled. Renewal of registration is valid for ten years.

Patents

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) (**the** "**Patent Law**"), promulgated by the Standing Committee of the National People's Congress on March 12, 1984, and revised on September 4, 1992, August 25, 2000, December 27, 2008, and October 17, 2020, the latest revision of which took effect on June 1, 2021, and 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》) (the "**Implementing Regulations of the Patent Law**"), promulgated by the State Council on June 15, 2001, and amended on December 28, 2002, January 9, 2010, and December 11, 2023, which took effect on January 20, 2024, The State Council's patent administration department is responsible for managing patent-related work nationwide, while the patent administration departments of provincial, autonomous region, and municipal people's governments are responsible for managing patent work within their respective administrative regions. The Patent Law and the Implementing Regulations of the Patent Law stipulate three types of patents: "inventions," "utility models," and "design patents." The term of validity for invention patents is twenty years, and for utility model patents, ten years. Additionally, effective June 1, 2021, the term of validity for design patents filed on or after June 1, 2021, is extended to fifteen years from the filing date.

Domain name

On August 24, 2017, the Ministry of Industry and Information Technology ("**MIIT**") promulgated the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) ("**Domain Name Administration Measures**"), which became effective on November 1, 2017. The Domain Name Administration Measures regulate the registration of domain names, such as China's ccTLD as ".CN." On June 18, 2019, the China Internet Network Information Center ("**CNNIC**") issued the "Announcement on the Issuance and Implementation of the Series of Provisions of the Implementation Rules for the Registration of Country Top-Level Domain Names" (《關於發佈並實施《國家頂級域名註冊實施細則》系列規定的公告》), according to which the CNNIC may authorize the domain name dispute resolution authority to make decisions on domain name-related disputes.

Laws and Regulations relating to Real Estate

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》) promulgated by the Standing Committee of the National People's Congress ("**NPCSC**") on June 25, 1986, last amended on August 26, 2019 and effective on January 1, 2020, China implements a system of land use control, including agricultural land, construction land and unused land. All units and individuals must use land in strict accordance with the purposes determined in the overall land use plan. The registration of ownership and use of land is carried out following the laws and administrative regulations governing the registration of real estate. The ownership and use rights of land registered following the law are protected by law and may not be infringed upon by any unit or individual.

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) promulgated by the State Council on November 24, 2014, which became effective on March 1, 2015 and were amended on March 24, 2019 and March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019 and May 9, 2024, respectively, provide that (among other things) that the State shall implement a unified real estate registration system and that real estate registration shall follow the principles of strict management, stable continuity and convenience for the public.

Laws and Regulations relating to Leasing

According to the Civil Code, the owner has the right to possess, use, gain, and dispose of their real or movable property following the law. A lessee may, with the consent of the lessor, sublet the leased premises to a third person. If the lessee sublets, the lease contract between the lessee and the lessor continues to be effective. If the lessee sublets without the lessor's consent, the lessor may terminate the contract. In addition, any change of ownership of the leased property during the period of possession by the lessee in accordance with the lease contract shall not affect the validity of the lease contract. In addition, if the mortgaged property has been leased and possession transferred before the creation of the mortgage, the original lease relationship is not affected by the mortgage.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Measures for the Administration of Commodity Housing Lease (《商品房屋租賃管理辦法》), which came into effect on February 1, 2011. According to the Measures, within 30 days after the conclusion of a housing lease contract, the parties to the housing lease shall go to the competent department of construction (real estate) of the people's government of the municipality directly under the central government, city or county where the leased housing is located to apply for the registration and filing of the housing lease. Any violation of this provision shall be ordered to make corrections within a certain period, and in case of failure to do so, a fine of not less than RMB1,000 and not more than RMB10,000 shall be imposed in respect of each lease agreement.

Laws and Regulations relating to Foreign Exchange

The main laws and regulations governing foreign exchange in the PRC are the Foreign Exchange Management Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》) (**the "Foreign Exchange Management Regulations**") promulgated by the State Council on January 29, 1996 and effective as of April 1, 1996, and subsequently amended on January 14, 1997 and August 1, 2008 (effective as of August 5, 2008) respectively, and the Provisions on the Administration of Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996 and effective July 1, 1996. Under these regulations, payments for current account items (such as profit distribution and trade and service related foreign exchange transactions) may be made in foreign currencies without the prior approval of the State Administration of Foreign Exchange (**the "SAFE**"), subject to certain procedural requirements. On the contrary, if Renminbi ("**RMB**") has to be converted into foreign currencies and remitted out of the PRC to pay for capital accounts (e.g. repayment of loans denominated in foreign currencies, direct overseas investments and investments in securities or derivatives outside the PRC, etc.), such conversion has to be approved or registered by the relevant governmental authorities or designated banks.

On February 13, 2015, the State Administration of Foreign Exchange ("**SAFE**") promulgated the Circular on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) ("**Circular No. 13 of the Huifa**"), which came into effect on June 1, 2015 and was further amended on December 30, 2019. According to the Circular No. 13 of the Huifa, banks directly review and process foreign exchange registrations for domestic direct investments and foreign exchange registrations for overseas direct investments, and the State Administration of Foreign Exchange ("**SAFE**") and its branches indirectly supervise the foreign exchange registrations for direct investments through the banks.

On March 30, 2015, SAFE promulgated the "Circular of the State Administration of Foreign Exchange on the Reform of the Administration of Settlement of Foreign Exchange Capital Funds 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》) ("**SAFE Circular No. 19**"), which became effective on June 1, 2015 and will be further amended in 2019. According to foreign exchange capital funds of foreign-invested enterprises are subject to the willingness to settle ("**Willingness to Settle**"). Willingness to settle means that the foreign exchange capital in the capital account (including foreign exchange capital, foreign loans, and funds drawn from the proceeds of overseas listings) recognized for willingness to settle under the relevant policy may be settled by banks following the actual operational needs of the domestic organization. The proportion of foreign exchange capital to be willingly settled is tentatively set at 100%. The RMB funds derived from the willingness to settle foreign exchange capital will be included in the account for settlement of foreign exchange pending payment. If a foreign-invested enterprise needs to make further payments through this settlement account, it is still required to provide supporting documents and go through the bank's vetting procedures.

On June 9, 2016, SAFE promulgated the "Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Policy on the Administration of Settlement of Capital Accounts" (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) ("**SAFE Circular No. 16**"). SAFE Circular No. 16 standardizes the policy on willful foreign exchange settlement for all domestic institutions.

On October 23, 2019, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) ("**SAFE Circular No. 28**"). SAFE Circular No. 28 stipulates that non-investment foreign-invested enterprises may use capital funds to make domestic equity investments following the law, provided that they do not violate the Negative List and the investment projects are genuine, compliant, and lawful.

On April 10, 2020, SAFE promulgated the "Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management to Support the Development of Foreign-Related Businesses" (《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》) ("**SAFE Circular No. 8**"). SAFE Circular No. 8 stipulates that on the premise that the use of funds is genuine and in compliance with the existing regulations on the administration of the use of capital account income, enterprises are allowed to use capital account income such as capital funds, foreign debts and overseas listings for domestic payments without the need to provide the banks with authentic certificates for the payments before each transaction.

Laws and Regulations relating to Taxation

Enterprise Income Tax

Under 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**") promulgated by the National People's Congress ("**NPC**") on March 16, 2007 and last amended by the Standing Committee of the NPC on December 29, 2018, and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China ("**EIT Law Implementation Regulations**") promulgated by the State Council on December 6, 2007 and last amended on January 20, 2025, taxpayers include Resident enterprises and non-resident enterprises. A resident enterprise is defined as an enterprise established in China under the laws of China or an enterprise established under the laws of a foreign country, but the effective control of which is exercised in China. A non-resident enterprise is defined as an enterprise established under foreign law and whose effective control is exercised outside of China, but has established an organization or office in China, or does not have an organization or office in China but derives its income from within China. Under the EIT Law and the relevant implementing regulations, the enterprise is subject to a flat corporate income tax rate of 25%.

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》) ("**VAT**") promulgated by the State Council on December 13, 1993 and last amended on November 19, 2017, and the Rules for the Implementation of 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實施細則》) ("**Provisional Regulations of VAT**") promulgated by the Ministry of Finance on December 25, 1993 and last amended on October 28, 2011, the enterprises engaged in the sale of goods in the PRC, the supply of processing Units and individuals engaged in the sale of goods, provision of processing, repair and fabrication services and import of goods in China are taxpayers of value-added tax ("**VAT**") and shall pay VAT following the laws and regulations. Unless otherwise specified, the VAT rate for the sale of goods is 17%. The Ministry of Finance ("**MOF**") and the State Administration of Taxation ("**SAT**") issued the Circular on Adjustment of VAT Rate (《關於調整增值稅稅率的通知》) on April 4, 2018, which became effective on May 1, 2018, and adjusted the tax rates to 16% and 10% for taxpayers who have engaged in taxable sales or imported goods to which the tax rates of 17% and 11% were originally applicable.

Subsequently, the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs of the People's Republic of China jointly issued the Announcement on 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》) on March 20, 2019 (which became effective on April 1, 2019) to make further adjustments. Where a taxpayer engages in VAT taxable sales behavior or imports goods, the tax rate will be adjusted to 13% and 9% where 16% and 10% tax rates were previously applicable.

Laws and Regulations relating to the Share Incentive Scheme

According to the Notice on Foreign Exchange Management Issues Related to Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) issued by the State Administration of Foreign Exchange on February 15, 2012 (**the "SAFE Circular No. 7**") and other relevant regulations, directors, supervisors, senior management personnel, and other employees who are Chinese citizens or non-Chinese citizens who have resided continuously in China for at least one year must register with the State Administration of Foreign Exchange through a domestic agent when participating in any equity incentive plan of an overseas-listed company, except in certain exceptional circumstances. Additionally, all matters related to the exercise of options, the purchase or sale of shares or equity interests, and the corresponding transfer of funds must be handled by an overseas trustee institution. Foreign exchange income derived from the sale of shares under equity incentive plans and dividends distributed by overseas-listed companies must be remitted into bank accounts opened by domestic institutions in China before being distributed to Chinese residents.

Laws and Regulations relating to Overseas Offering and Listing

On February 17, 2023, with the approval of the State Council, the China Securities Regulatory Commission ("**CSRC**") promulgated the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) ("**Trial Measures**"), which became effective on March 31, 2023, together with five related guidelines. According to the Trial Measures, (1) a PRC domestic company that directly or indirectly issues or lists securities overseas shall file a record with the CSRC and report the relevant information; (2) a domestic company that directly issues or lists securities overseas refers to a joint stock limited company registered and established in the PRC that issues or lists securities overseas; and (3) any joint stock limited company registered and established in the PRC that seeks an overseas listing must file the application for overseas listing with the CSRC within three working days of submission. If a PRC domestic company fails to fulfill the filing procedures following the Trial Measures, it will be ordered by the CSRC to make corrections, given a warning and fined from RMB1 million to RMB10 million, and its controlling shareholders, de facto controllers, persons in charge and other persons directly responsible may also be subject to administrative penalties, such as warnings and fines.

Regulations relating to Full Circulation of H Shares

On November 14, 2019, the CSRC issued the "14 Operational Guidelines on Application for 'Full Circulation' of Domestic Unlisted Shares of H-share Companies" (《H股公司境內未上市股份申請「全流通」業務指引》) (the "**Guidelines**"), which was amended and became effective on August 10, 2023. According to the Guidelines, "full circulation" refers to the listing and circulation of domestic unlisted shares of an H-share company (including unlisted domestic shares held by domestic shareholders before the overseas listing, unlisted domestic shares issued in the PRC after the overseas listing and unlisted shares held by foreign shareholders) on the Hong Kong Stock Exchange. Unlisted domestic shareholders may negotiate on their own to determine the number and proportion of shares to be applied for circulation and entrust the H-share company to apply to "full circulation" and the to H-share company submit a filing document for "full circulation" to the CSRC, subject to compliance with relevant laws and regulations and policies and regulations relating to state-owned assets management, foreign investment and industry regulation. According to the Guidelines, shareholders of unlisted domestic shares shall handle the transfer of shares for registration following the relevant business rules of China Clearing, and the H-share company shall, after the completion of the transfer of the shares involved in the application with China Clearing submit a report on the relevant situation to the CSRC within 15 days.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN ITALY

Tax Laws

According to Italian tax law, joint-stock companies resident in Italy for tax purposes are subject to corporate income tax ("**IRES**") on their worldwide income. A company is considered resident in Italy if its legal office, place of effective management or main business is in Italy for the greater part of the financial year. The taxable period for corporate income tax purposes is the financial year of the company, as determined by law or the by-laws.

In principle, taxable business income is determined according to the accrual principle, with certain exceptions (e.g. directors' fees). The taxable base is the worldwide income shown on the profit and loss account prepared for the relevant financial year according to company law rules and adjusted according to the tax law provisions concerning business income. For companies adopting the IAS/IFRS, the accounting treatment under IAS/IFRS is fully relevant for corporate income tax purposes, i.e. the criteria set forth by IAS/IFRS for the qualification, timing accrual and classification of items of income and cost are also applicable for corporate income tax purposes and prevail over any provisions contained in the Italian Income Tax Code.

Certain rules governing the deduction of interest and depreciation and the tax treatment of capital gains upon disposal of shares are as follows: generally, interest expense is fully tax deductible up to the amount of interest income. Thereafter, excess interest expense is deductible at up to 30% of the gross EBITDA (interest deduction capacity) (non-IFRS measure) relevant for tax purposes. Gross operating margin is defined as the difference between operating revenues and expenses excluding depreciation of tangible and intangible assets and charges for leased assets based on their tax value. Net interest expense in excess of the yearly limitation is carried forward in the following fiscal years. Hence, net interest expense not deducted in previous years can be deducted in the future fiscal years as long as total interest in that year does not exceed 30% of gross operating margin. If net interest expense is lower than the annual limit (i.e. 30% of gross operating margin), this difference can be carried over to increase the company's interest deduction capacity in the future years. Interest income exceeding interest expenses can be carried forward to offset future interest expenses in any following fiscal years. Fixed assets that are not financial fixed assets may be depreciated using the straight-line method. Depreciation may be taken in every financial year, regardless of whether the taxpayer incurred losses or made profits.

A 95% exemption (the "**Participation Exemption**" regime) applies to gains from the disposal of shares where the following conditions are met: (a) the participation has been held continuously from the first day of the 12th month prior to that of the disposal; (b) the participation was classified as a financial fixed asset in the first balance sheet closed after the acquisition (in the case of companies adopting IAS/IFRS shareholdings are deemed to be fixed financial assets if they are not held for trading); (c) the subsidiary is resident in a "white list" country; and (d) the subsidiary carries on a commercial activity. The requirement referred to in paragraph 1(c), must be met continuously from the first period of ownership. The last condition must have been met since the beginning of the third year preceding the year of disposal. Where the above conditions are not met, capital gains are fully taxable at the ordinary rate.

The holding of participations qualifying for the "Participation Exemption" triggers limitations in the deductibility of capital losses. Generally, 95% of dividends paid by a company to corporate shareholders resident in Italy should be exempted from tax.

A special tax regime applies to shares and similar financial instruments held by companies preparing their financial statements according to IAS/IFRS. Such regime differs, depending on whether the shares are accounted for as "held for trading' under IAS/IFRS. For shares that are not accounted for as "held for trading' under IAS/IFRS, the 95% exemption regime on dividend distributions remains applicable and the unrealized gains and losses resulting from the mark-to-market valuation of the shares in the profit and loss account of the company according to IAS/IFRS are not relevant for income tax purposes.

The Italian Parliament is currently discussing the Finance Act for the year of 2026. In this law there is a possible amendment to the dividend exemption regime. The taxable base (if positive) is subject to IRES (currently at the rate of 24%). Tax losses can be carried forward for IRES purposes and used to offset income in the following tax periods without any time limitation. Tax losses can only be offset with taxable income for an amount not exceeding 80% of the taxable income. Note that losses arising in the first three years of activity can be offset with 100% of taxable income.

In addition to IRES, companies are also subject to a regional tax on productive activities ("**IRAP**"). The taxable base for IRAP is the net value of the production derived in each Italian region. The standard rate is 3.9% (which may be increased or decreased by regional authorities, to a certain extent). Special rules for groups A domestic tax consolidation regime are available both for direct taxation and VAT.

Italy also enforces transfer pricing rules which provide that items of income derived from transactions with related, non-resident companies are to be valued on arm's length basis. Official transfer pricing documentation requirements have been recently updated which are in line with the ones contained in the "OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations', as well as in the "Code of Conduct on Transfer Pricing Documentation for Associated Enterprises in the European Union'.

Labor Laws

Italian labor law system consists of a significant number of sources that are affected by the influence of the regulatory provisions of "supranational" sources (such as, for example, European Regulations and Directives, international conventions, regulatory provisions on discriminatory behavior and gender equality, etc.).

As a way of general overview, the Italian labor law system, in addition to the above mentioned international and EU sources, is regulated by a series of domestic provisions set forth in particular:

(i) in the Italian Constitution (e.g., article 36 on fair and reasonable remuneration, article 40 on the right to strike and article 41 on freedom of private economic initiative);

(ii) in the Italian Civil Code;

(iii) in Italian national laws (among which one of the most important is Law no. 300/70 — the so-called "Workers' Statute");

(iv) in sector collective bargaining agreements, operating at national and (possibly) company level;

(v) in individual employment contracts; and

(vi) (in the presence of certain requirements) in practice (the so-called "corporate uses").

In addition to the above, certain aspects connected to labor law are often dealt with by regulatory sources dedicated to other sectors (e.g., the job protection regime provided for in the presence of an employer affected by an insolvency procedure).

The collective bargaining agreements supplement the law and, under certain conditions, may also derogate from it. The collective bargaining agreements usually contain provisions that cover many aspects of employment relationships in the specific sector, such as, by way of example, the worker's rights regarding: (i) the form and minimum content of the employment letter; (ii) maximum length of the trial period; (iii) holidays, working hours and overtime; (iv) sick leave and maternity leave; (v) disciplinary procedures in the event of violations by employees; (vi) minimum wage and other employment-related benefits; (vii) notice period and notice; (viii) severance indemnity; (ix) trade union relations (e.g., exercise of the right of assembly, exercise of the right to strike, terms and conditions of union leave periods).

The above mentioned sources composing the Italian labor law system are also affected by the interpretative work of the judges. Quite often, indeed, the latter are substantially called to "replace" the Italian legislator in the regulation of certain legal institutions. It follows that, although the Italian legal tradition does not apply the Anglo-Saxon principle of the "binding precedent", it is however undeniable that, for the purposes of identifying the regulation of certain legal institutions, the orientation of the judges must necessarily be taken into consideration.

In light of the breadth and complexity of the applicable legislation, any further indication can only be made in the light of the specific needs, and actual implications, of each individual case (e.g., information on legislation and practice to follow in the event of collective dismissal, or in case of transfer of going concern).

Data Protection Laws

A company is required to comply with applicable EU and Italian data protection laws and regulations. In particular, the European Union's Regulation (EU) 2016/679 ("**GDPR**"), which became effective in May 2018, as supplemented by national laws (i.e. Legislative Decree no. 196/2003, as amended by Legislative Decree no. 101/2018), imposes strict requirements on controllers and processors of personal data in the European Economic Area. Applicable data protection laws create new compliance obligations and increase financial penalties for non-compliance (including possible fines of up to 4% of global annual revenues for the preceding financial year or EUR20 million (whichever is higher), for the most serious violations).

Cybersecurity Laws

A company is required to comply with the applicable cybersecurity legislation at both European Union and national level.

In particular, Directive (EU) 2022/2555 ("**NIS 2**"), as transposed into Italian law by Legislative Decree No. 138/2024, introduces a regulatory framework aimed at strengthening the security of networks and information systems used by public and private entities operating in sectors deemed strategic or significant.

NIS 2 framework establishes graduated and proportionate obligations depending on the nature of the activities carried out, the level of risk, and the classification of the entity as "essential" or "important" one. It also introduces specific responsibilities for administrative and management bodies, together with significant sanctions in the event of non-compliance.

Intellectual Property Rights Protection Laws

Intellectual property rights follow what is called the "territoriality principle'. Each single trademark registration follows the law of the country in which the trademark is registered.

In Europe, all trademark laws of the 27 EU countries have been harmonized under the Directive (EU) 2015/2436 of the European Parliament and of the Council dated 16 December 2015 to approximate the laws of the Member States relating to trademarks.

The Regulation (EU) 2017/1001 of the European Parliament and of the Council, dated 14 June 2017, applies to European trademarks. In Italy, all industrial property laws have been unified under the Legislative Decree No. 30/2005 (Codice della Proprietà Industriale) (the "**Industrial Property Law**"). The Industrial Property Law governs trademark rights, patent rights and registered design rights.

In addition, the Madrid System for the International Registration of Marks, governed by the Madrid Agreement, executed in 1981, and the Protocol relating to the Madrid Agreement, executed in 1989, make it possible to protect a mark in a large number of countries by obtaining an international registration that has effect in each of the designated contracting parties of the Madrid Agreement.

Environment Laws

In Italy, environmental protection on Waste Electrical and Electronic Equipment (WEEE) sector is regulated on the basis of the Legislative Decree 152/2006, Part IV ("**Environmental Code**"), which establishes general principles for waste management, including the traceability obligations through forms and electronic registers.

Moreover, the WEEE dismissal is regulated by the European Directive 2012/19/EU (WEEE 2), which governs the management of WEEE, imposing separate collection, treatment, recycling, and producer responsibility. It has been implemented in Italy by the Legislative Decree 49/2014, which defines obligations for producers/importers, distributors and municipalities.

LAWS AND REGULATIONS IN RELATION TO INTERNATIONAL SANCTIONS

Set out below is a summary of the sanctions regimes imposed by the U.S., the UN, the EU, the UK, UK Overseas Territories and Australia. This summary does not set out the laws and regulations relating to the U.S., the UN, the EU, the UK and Australia in their entirety.

U.S.

Treasury Regulations

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, the Crimea, the so-called Luhansk People's Republic and the Donetsk People's Republic regions. OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. An entity that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) is also blocked, regardless of whether that entity is expressly named on the SDN List.

Export Controls

The U.S. primarily regulates the export of items including goods, technology or technical data, software, and some services through two sets of regulations.[1] The International Traffic in Arms Regulations ("**ITAR**") implements section 48 of the Arms Export Control Act of 1976. The ITAR is administered and enforced by the U.S. State Department and regulates the export and temporary import of defense articles. A separate set of export controls that regulate almost all other exports from the U.S. is administered by the U.S. Department of Commerce under the Export Administration Regulations ("**EAR**").

Both the ITAR and EAR primarily regulate exports, reexports, certain transfers and retransfers and, in the case of ITAR, temporary imports. Although these terms all carry their own definitions, an "export" can be broadly understood to be the movement of an item, software, or technology outside of the U.S.

With respect to defense articles, manufacturers, exporters, or brokers of defense articles that are controlled under the ITAR, are subject to an additional registration requirement with the U.S. Department of State and annual renewals. Such manufacturers, exporters or brokers are required to register with the U.S. Department of State Directorate of Defense Trade Controls ("**DDTC**") and keep the registration current. When certain changes occur within the registered company, such as a change of control, a merger or acquisition, or a change in executive leadership, those changes must be reported to DDTC and the company's ITAR registration must be updated. At a minimum, ITAR registration must be renewed annually.

The EAR specifically prohibits exports of anything subject to the jurisdiction of the EAR for certain prohibited end uses such as use in the development or production of weapons of mass destruction among other end uses. In addition to these broadly prohibited end uses, the EAR defines specific end use restrictions on certain types of items to certain destinations.

1 This overview covers the ITAR and EAR at a high level, but there are other agencies and regulations that can and do regulate certain exports such as the Department of Energy. Any export activity should be reviewed on a case-by-case basis to determine what legal requirements exist.

Penalties for individuals and companies for non-compliance with U.S. export control laws can be both civil and criminal. Civil penalties can include substantial monetary fines, loss of export privileges, and government contract debarment. For knowing and willful violations, the government can enforce criminal penalties that include large fines and imprisonment.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes and financial restrictions.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under EU sanction measures, there is no 'blanket' ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business, provided that no funds and economic resources are made available to the Sanctioned Targets.

United Kingdom

UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 ("**the UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The United Kingdom is no longer an EU member state as of January 1, 2021. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs through regulations setting out the specific measures under each UK sanctions regime.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia.