

REGULATORY OVERVIEW

PRC LAWS AND REGULATIONS

We are subject to various PRC laws, regulations and rules that affect many aspects of our business. This section provides an overview of the principal PRC laws, regulations and rules that we believe are relevant to our business and operations.

Regulations on Foreign Investment in the PRC

Pursuant to the Company Law of the People's Republic of China (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People's Congress (the "NPCSC") on December 29, 1993, amended on December 29, 2023 and effective from July 1, 2024, companies established in the PRC are governed by the provisions of the Company Law, which regulates the establishment, corporate structure, and governance of companies, and is also applicable to foreign-invested companies. Where other provisions are made in the laws concerning foreign investment, such provisions shall apply.

According to the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》), promulgated by the National People's Congress on March 15, 2019 and effective from January 1, 2020, and the Regulations for the Implementation of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》), promulgated by the State Council on December 26, 2019 and effective from January 1, 2020, the State shall implement a management system of pre-establishment national treatment plus a negative list for foreign investment, and grant national treatment to foreign investments outside the negative list.

According to the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》), promulgated by the National Development and Reform Commission ("NDRC") and the Ministry of Commerce ("MOFCOM") on September 6, 2024 and effective from November 1, 2024, and the Catalogue of Industries for Encouraged Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》), promulgated by MOFCOM and NDRC on October 26, 2022 and effective from January 1, 2023, the business we currently conduct does not fall within the scope of the negative list and is not subject to special administrative measures.

Regulations on Work Safety

Pursuant to the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), promulgated on June 29, 2002, amended on June 10, 2021 and effective from September 1, 2021, production and business units shall establish, improve and implement a work safety responsibility system for all employees and work safety rules and regulations, increase the investment in funds, materials, technology and personnel for work safety, and improve work safety conditions. Production and business units shall provide work safety education and training to their employees to ensure that they possess the necessary work safety knowledge, are familiar with relevant work safety rules, regulations and safe operation procedures, master the safe operation skills for their positions, understand accident emergency response measures, and are aware of their rights and obligations in terms of work safety. Employees who have not passed work safety education and training are not permitted to work at their posts.

REGULATORY OVERVIEW

Regulations on Land, Planning and Construction Permits

Land Use Rights

According to the Provisional Regulations on the Grant and Transfer of the Right to Use State-owned Land in Urban Areas (2020 Revision) (《城鎮國有土地使用權出讓和轉讓暫行條例(2020修訂)》), promulgated and implemented by the State Council on November 29, 2020, the State implements a system for the grant and transfer of the right to use State-owned land. Land users pay a fee for the grant of land use rights to the State, and the State grants the land use rights to the land users for a certain period of years. A land user who has obtained the land use right may transfer, lease, mortgage or utilize the land in other commercial ways within the term of use. Pursuant to the Provisional Regulations on the Grant and Transfer of the Right to Use State-owned Land in Urban Areas, the grant of land use rights shall be subject to the signing of a grant contract between the local land administration department and the land user. The land user must pay the land grant premium in accordance with the grant contract. After paying the full grant premium, the land user shall register with the land administration department and obtain a land use certificate to prove that the land use right has been acquired.

Planning Permit for Construction Land Use

Pursuant 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》) (the "Urban and Rural Planning Law"), promulgated by the NPCSC on October 28, 2007, and amended and implemented on April 23, 2019, a planning permit for construction land use must be obtained for state-owned land use rights acquired through transfer and allocation.

Planning Permit for Construction Works

Pursuant to the Urban and Rural Planning Law, for the construction of buildings, structures, roads, pipelines and other projects within urban and town planning areas, the construction entity or individual shall apply for a construction works planning permit from the competent urban and rural planning department of the city or county people's government, or from the town people's government designated by the people's government of the province, autonomous region or municipality directly under the Central Government.

Construction Works Commencement Permit

Pursuant to the Construction Law of the People's Republic of China (《中華人民共和國建築法》), promulgated by the NPCSC on November 1, 1997, and amended and implemented on April 23, 2019, before the commencement of a construction project, the construction entity shall, in accordance with the relevant state regulations, apply for a construction permit from the competent construction administrative department of the people's government at or above the county level where the project is located; however, this excludes minor works below the threshold determined by the competent construction administrative department under the State Council. The construction entity shall commence work within three months from the date of obtaining the construction permit. If work cannot be started on schedule for any reason, an application for an extension shall be made to the issuing authority. If work is neither commenced nor an extension is applied for, or if the extension period is exceeded, the construction permit shall become void automatically.

REGULATORY OVERVIEW

Completion and Acceptance of Construction Projects

Pursuant to the Administrative Measures for Filing of Completion and Acceptance of Housing Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》), promulgated and implemented by the Ministry of Housing and Urban-Rural Development ("MOHURD") on October 19, 2009, a construction project may only be delivered for use after it has passed completion and acceptance inspection. The construction entity shall, within 15 days from the date of passing the completion and acceptance inspection, file for record with the competent construction department of the local people's government at or above the county level where the project is located.

Regulations on Real Estate

Pursuant to the Urban Real Estate Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》), promulgated by the NPCSC on July 5, 1994, amended on August 26, 2019, and implemented on January 1, 2020, when leasing a property, the lessor and lessee shall enter into a written lease contract, stipulating the lease term, purpose, price, repair responsibilities and other terms, as well as the other rights and obligations of both parties, and shall register and file it with the real estate administration department.

Pursuant to the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》), promulgated by the MOHURD on December 1, 2010 and implemented on February 1, 2011, within 30 days after the conclusion of a housing lease contract, the parties to the housing lease shall go to the competent construction (real estate) department of the people's government of the municipality directly under the Central Government, city, or county where the leased premises are located to handle the registration and filing of the housing lease. In case of violation, the competent construction (real estate) department of the people's government of the municipality directly under the Central Government, city, or county shall order correction within a time limit; if an individual fails to make corrections by the deadline, a fine of not more than RMB1,000 shall be imposed; if a unit fails to make corrections by the deadline, a fine of not less than RMB1,000 and not more than RMB10,000 shall be imposed.

Regulations on Environmental Protection

The PRC laws and regulations concerning environmental protection mainly include the Ecological Environment Code of the People's Republic of China (《中華人民共和國生態環境法典》) (promulgated on March 12, 2026 and to be implemented on August 15, 2026), the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法》) (amended and implemented on October 28, 2025), the Regulations on the Implementation of the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法實施條例》) (promulgated on December 25, 2017 and implemented on January 1, 2018), and the Administrative Measures for Pollutant Discharge Permits (《排汙許可管理辦法》) (promulgated on April 1, 2024 and implemented on July 1, 2024).

Pursuant to the above laws and regulations, enterprises discharging or disposing of toxic and hazardous substances, such as wastewater, waste gas, and solid waste, shall abide by national and local standards, register with the relevant competent environmental protection administrative authorities, and pay environmental protection tax in accordance with the law.

REGULATORY OVERVIEW

Regulations on Energy

Pursuant to the Energy Law of the People's Republic of China (《中華人民共和國能源法》), promulgated by the NPCSC on November 8, 2024 and implemented on January 1, 2025, the State shall improve its energy development and utilization policies, optimize the energy supply and consumption structure, actively promote the clean and low-carbon development of energy, and increase energy efficiency.

Regulations on Cybersecurity, Data Security and Personal Information Protection

The Cyberspace Administration of China (the "CAC"), in conjunction with other PRC regulatory authorities, promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》) on December 28, 2021, which were implemented on February 15, 2022. According to the Measures, critical information infrastructure operators purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall undergo a cybersecurity review. We have not received any notice from Chinese government departments, nor are we aware of any indication in any form from Chinese government departments or their staff that we are or may be deemed as operators of critical information infrastructure. Nor have we been required to go through administrative procedures such as security review or security assessment filing. Accordingly, there is no circumstance under which we are required to proactively file for a cybersecurity review with the Cybersecurity Review Office.

Pursuant to the Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》), promulgated by the State Council on September 24, 2024 and implemented on January 1, 2025. Network data processors carrying out network data processing activities that affect or may affect national security shall undergo a national security review in accordance with relevant regulations. Where important data collected and generated by a network data processor during its operations within the territory of the People's Republic of China must be provided overseas, it shall undergo a data export security assessment organized by the national cyberspace administration department. Network data processors who identify and report important data in accordance with relevant state regulations are not required to declare such data for a data export security assessment if the data has not been notified by relevant regions or departments, or publicly released, as important data. We do not engage in any network data processing activities that affect or may affect national security, and therefore there is no circumstance under which we are required to conduct a national security review in accordance with relevant regulations.

Pursuant to the Measures for Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), promulgated by the CAC on July 7, 2022 and implemented on September 1, 2022. Where a data processor provides data overseas, it shall, under any of the following circumstances, declare a security assessment for cross-border data transfer to the national cyberspace administration department through the provincial-level cyberspace administration department at its location: (i) the data processor provides important data overseas; (ii) a critical information infrastructure operator and a data processor processing personal information of more than 1 million individuals provides personal information overseas; (iii) a data processor that has cumulatively provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals overseas since January 1 of the preceding year provides personal information overseas; or (iv) other circumstances

REGULATORY OVERVIEW

requiring a declaration for a security assessment of cross-border data transfer as stipulated by the CAC. We do not fall under any circumstances where a security assessment for cross-border data transfer is required as stipulated by the national cyberspace administration department.

Regulations on Intellectual Property

Trademarks

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), promulgated by the NPCSC on August 23, 1982, amended on April 23, 2019, and implemented on November 1, 2019, the period of validity of a registered trademark shall be ten years, calculated from the date of approval of the registration. The registrant shall complete the renewal procedures within the twelve months prior to the expiration. Where the renewal procedures cannot be completed within this period, a grace period of six months may be granted. If the renewal procedures are not completed upon expiry, the registered trademark shall be cancelled. The validity period of each renewal of registration is ten years, calculated from the day following the expiration of the previous validity period of the trademark. If the renewal procedures are not completed upon expiry, the registered trademark shall be cancelled.

Patents

Pursuant to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), promulgated by the NPCSC on March 12, 1984, amended on October 17, 2020, and implemented 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》), promulgated by the State Council on June 15, 2001, amended on December 11, 2023, and implemented on January 20, 2024, the term of a patent right for an invention is twenty years, the term of a patent right for a utility model is ten years, and effective from June 1, 2021, the term of a patent right for a design for which the application is filed on or after June 1, 2021 is extended to fifteen years (calculated from the date of application).

Copyrights

Pursuant to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), promulgated by the NPCSC on September 7, 1990, amended on November 11, 2020, and implemented on June 1, 2021, and the Regulations for the Implementation of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》), promulgated by the State Council on August 2, 2002, amended on January 30, 2013, and implemented on March 1, 2013, copyright holders enjoy various personal and property rights, including the rights of publication, authorship, reproduction, and dissemination over information networks.

Pursuant to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), promulgated by the State Council on June 4, 1991, amended on January 30, 2013 and implemented on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on April 6, 1992, amended and implemented on February 20, 2002, a PRC citizen, legal person or other organization shall enjoy copyright in the software it has developed, regardless of whether such software has been published. A software copyright

REGULATORY OVERVIEW

owner may apply for registration with a software registration agency recognized by the copyright administrative department of the State Council.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), promulgated by The Ministry of Industry and Information Technology (the "MIIT") on August 24, 2017 and implemented on November 1, 2017, those who establish domain name root servers and their operating institutions, domain name registration management institutions, and domain name registration service institutions within the territory of the PRC shall obtain a license from the MIIT or the communications administration departments of provinces, autonomous regions, or municipalities directly under the Central Government in accordance with these Measures.

Regulations on Import and Export

Pursuant 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 NPCSC on May 12, 1994 and amended and implemented on December 30, 2022, the State permits the free import and export of goods and technologies, unless otherwise provided for in laws and administrative regulations.

Pursuant to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), promulgated by the NPCSC on January 22, 1987 and amended and implemented on April 29, 2021, the Customs of the People's Republic of China is the state's supervisory and administrative organ for entry and exit of the customs territory. The Customs shall exercise its jurisdiction in all aspects in accordance with relevant laws and administrative regulations. Consignees and consignors of import and export goods and customs declaration enterprises shall, when handling customs declaration procedures, file for record with the Customs in accordance with the law.

Pursuant to the Notice on Matters Concerning the Filing of Consignees and Consignors 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 and implemented by the Enterprise Management and Audit Department of the the General Administration of Customs of the PRC (the "GACC") on January 3, 2023, consignees and consignors of import and export goods applying for filing shall obtain market entity status and are not required to obtain filing as a foreign trade operator. We have obtained all the qualifications and certificates required for import and export.

Regulations on Labor and Social Security

Labor

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), promulgated by the NPCSC on July 5, 1994 and amended and implemented on December 29, 2018, the 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 NPCSC on June 29, 2007, amended on December 28, 2012 and implemented on July 1, 2013, and the Regulations on the Implementation 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 and implemented by the State Council on September 18, 2008, an employer shall enter into a written labor contract with an employee to establish a labor relationship. Wages shall not be lower than the local minimum wage standard. Employers shall, in accordance

REGULATORY OVERVIEW

with the law, establish and improve their labor rules and regulations to ensure that employees enjoy labor rights and perform labor obligations.

Social Security

Pursuant 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 NPCSC on October 28, 2010 and amended and implemented on December 29, 2018, the Provisional Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》), promulgated by the State Council on January 22, 1999 and amended and implemented on March 24, 2019, and the Regulations on the Management of Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999 and amended and implemented on March 24, 2019, employers shall open social insurance accounts and housing provident fund accounts within 30 days from the date of employment and shall also contribute to social insurance funds, including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, and maternity insurance, as well as the housing provident fund for their employees. An employer that fails to make such payments will be fined and ordered to make up the shortfall within a specified time limit. The basic pension insurance fund shall be gradually placed under unified national planning, and other social insurance funds shall be gradually placed under unified provincial planning. The specific time and steps therefor shall be prescribed by the State Council. The housing provident fund contribution rates for both employees and employers shall not be less than five percent of the employees' average monthly wage of the previous year. Cities eligible therefor may appropriately raise the contribution rates. The specific contribution rates shall be formulated by the housing provident fund management committee, examined by the people's government at the corresponding level, and then submitted to the people's government of a province, autonomous region or municipality directly under the Central Government for approval.

Regulations on Taxation

Enterprise Income Tax (EIT)

Pursuant 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》), promulgated by the NPCSC on March 16, 2007 and amended and implemented on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, amended on December 6, 2024 and implemented on January 20, 2025, domestic enterprises established in the PRC in accordance with the law or established under foreign (regional) laws but whose de facto management bodies are in the PRC are considered resident enterprises. Resident enterprises are subject to an enterprise income tax of 25% on any income generated within or outside the PRC. The State grants preferential EIT treatment to industries and projects that it prioritizes for support and encourages for development. High and new technology enterprises supported by the state are eligible for a preferential enterprise income tax rate of 15%. In addition, qualified small low-profit enterprises enjoy certain preferential tax status.

REGULATORY OVERVIEW

Value-added Tax (VAT)

According to the Circular on Adjusting Value-Added Tax Rates (《關於調整增值稅稅率的通知》), promulgated by the Ministry of Finance and the SAT on April 4, 2018 and implemented on May 1, 2018, the tax rate will be adjusted to 16% for taxpayers engaged in value-added-taxable sales and 10% for those importing goods.

Pursuant to the Announcement on Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), promulgated by the Ministry of Finance, the SAT and the GACC on March 20, 2019 and implemented on April 1, 2019, where a taxpayer engages in a VAT-taxable sale or imports goods, the previously applicable VAT rate of 16% is adjusted to 13%; the previously applicable VAT rate of 10% is adjusted to 9%.

Pursuant to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) promulgated by the NPCSC on December 25, 2024, and effective January 1, 2026, general value-added tax taxpayers are subject to a 13% tax rate when selling goods, providing services, tangible movable property leasing, or importing goods. For transactions involving transportation, postal services, basic telecommunications, construction, real estate leasing, property sales, or land use right transfers, the applicable rate is 9%.

Withholding Income Tax on Dividends

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), promulgated by the NPCSC on September 10, 1980, amended on August 31, 2018 and implemented on January 1, 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), promulgated by the State Council on January 28, 1994, amended on December 18, 2018 and implemented on January 1, 2019, dividends distributed by PRC enterprises are subject to individual income tax at a flat rate of 20%. Foreign individuals who are not PRC residents are generally subject to individual income tax at a rate of 20% on dividends received from PRC enterprises, unless otherwise provided by the finance and tax authorities under the State Council. Pursuant to the Enterprise Income Tax Law of the People's Republic of China and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, the EIT rate is 25%.

Pursuant to the Circular of the State Administration of Taxation (the "SAT") on Issues Concerning the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Non-resident Enterprise Holders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), promulgated and implemented by the SAT on November 6, 2008, when a PRC resident enterprise distributes dividends for 2008 and subsequent years to its non-resident enterprise shareholders of H shares, it shall uniformly withhold and pay enterprise income tax at a rate of 10%.

Regulations on Foreign Exchange

Pursuant to the Circular of the SAFE on Issues Concerning Foreign Exchange Administration for Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), promulgated and implemented by the SAFE on December 26, 2014, a domestic enterprise shall, within 15 working days after the completion of its overseas listing and issuance, handle its overseas listing registration with the foreign exchange bureau at its place of registration.

REGULATORY OVERVIEW

The funds raised by a domestic company from its overseas listing can be repatriated to a corresponding domestic special account or deposited in an overseas special account, and the use of funds shall be consistent with the relevant content listed in the document and other publicly disclosed documents.

Pursuant to the Guidelines for Capital Account Foreign Exchange Business (2024 Edition) (《資本項目外匯業務指引(2024年版)》), promulgated by the SAFE on April 3, 2024 and implemented on May 6, 2024, funds raised by domestic companies from overseas listings shall, in principle, be repatriated to the PRC in a timely manner, and can be repatriated in either RMB or foreign currency. The use of funds shall be consistent with the relevant contents set out in publicly disclosed documents such as the document or offering documents for corporate bonds, shareholders' circulars, and resolutions of the Board of Directors or general meetings. Where a domestic company uses funds raised from an overseas listing to conduct businesses such as overseas direct investment, overseas securities investment, and offshore lending, it shall comply with relevant foreign exchange administration regulations.

Regulations relating to Overseas Investment

Pursuant to the Administrative Measures on Overseas Investment (《境外投資管理辦法》), promulgated by MOFCOM on September 6, 2014 and implemented on October 6, 2014, MOFCOM and the provincial competent commerce departments implement administration by way of filing and approval for overseas investments by enterprises, depending on the specific circumstances of such investments. Overseas investments by enterprises that involve sensitive countries and regions or sensitive industries are subject to approval-based administration. Overseas investments by enterprises under other circumstances are subject to filing-based administration.

Regulations on Filing for Overseas Listing

Pursuant to the Securities Law of the People's Republic of China (《中華人民共和國證券法》), promulgated by the Standing Committee of the National People's Congress on December 29, 1998, amended on December 28, 2019 and implemented on March 1, 2020, where a domestic enterprise directly or indirectly issues securities or lists its securities overseas, it shall comply with the relevant provisions of the State Council; Where shares of domestic companies are subscribed for and traded in foreign currencies, the specific measures shall be separately stipulated by the State Council. The China Securities Regulatory Commission (the "CSRC") is the securities regulatory authority established by the State Council, responsible for supervising and administering the securities market, maintaining market order, and ensuring the lawful operation of the market in accordance with the law. Currently, the overseas issuance of securities and listing by domestic enterprises are mainly governed by the regulations and rules promulgated by the State Council and the CSRC.

Pursuant to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and its supporting guidelines, promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, a domestic enterprise that directly or indirectly issues securities or lists its securities for trading overseas shall file with the CSRC within 3 working days after submitting its application documents for overseas issuance and listing. An overseas offering and listing is prohibited under any of the following circumstances: (i) where listing and financing are expressly prohibited by laws, administrative regulations, or relevant state provisions; (ii) the

REGULATORY OVERVIEW

overseas issuance and listing are determined by the relevant competent departments of the State Council, after review in accordance with the law, to be likely to endanger national security; (iii) where the domestic enterprise or its controlling shareholder or actual controller has committed criminal offenses such as corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order within the last three years; (iv) where the domestic enterprise is under investigation for suspected crimes or major violations of laws and regulations, and no clear conclusion has been reached; or (v) there is a major ownership dispute over the equity held by the controlling shareholder or by a shareholder controlled by the controlling shareholder or de facto controller.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), promulgated by the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented on March 31, 2023, domestic enterprises shall establish confidentiality and archives systems when offering and listing securities in overseas markets.

LAWS AND REGULATIONS IN GERMANY

Through our German subsidiaries, FSG and FAG, both headquartered in Achim, Germany, we operate in Germany as a supplier of SiPh assembly and testing equipment.

Product Safety and Conformity

ficonTEC's primary products — automated assembly and testing systems — are classified as "Machinery" and "Electrical/Electronic Equipment" (EEE). Consequently, these products must comply with multiple EU directives, including the application of the mandatory CE mark, which verifies conformity to EU health and safety standards. The manufacturer is responsible for the conformity evaluation procedure, issuing the Declaration of Conformity (DoC), and maintaining the Technical File.

The Machinery Directive (2006/42/EC) contains provisions for manufacturers placing machinery products on the EU market. The Directive defines essential health and safety requirements, which are further specified by European harmonized standards. It is implemented in Germany via the German Product Safety Act (Produktsicherheitsgesetz (ProdSG)) and the 9th German Machinery Ordinance Produktsicherheitsverordnung (9. ProdSV). Under the essential health and safety requirements, the manufacturer must comply with the fundamental technical and design standards set out in the Machinery Directive.

The Low Voltage Directive (LVD, 2014/35/EU) covers safety risks related to electrical equipment operating between 50 V and 1000 V AC or 75 V and 1500 V DC.

The Electromagnetic Compatibility Directive (EMCD, 2014/30/EU) is an EU regulation that ensures electrical and electronic equipment does not generate, or is not adversely affected by, electromagnetic disturbances. In Germany, the EMCD is implemented through the Law on the electromagnetic compatibility of equipment (Gesetz über die elektromagnetische Verträglichkeit von Betriebsmitteln).

As the manufacturer, we must conduct an assessment of conformity for its products with the requirements of the Machinery Directive, LVD and EMCD, prepare technical documentation, issue an EU declaration of conformity and affix the CE marking to the product.

REGULATORY OVERVIEW

Environmental Product Responsibility

We are subject to rigorous European and German extended producer responsibility (EPR) requirements, which mandate manufacturers take accountability for their products across the entire lifecycle.

The Restriction of Hazardous Substances Directive (RoHS, 2011/65/EU) restricts the use of ten hazardous substances, including lead, mercury, and certain phthalates, in all EEE placed on the EU market. Compliance requires ensuring restricted substances are below permitted levels, maintaining documentation, and including RoHS in the EU Declaration of Conformity for CE marking.

The European Waste Electrical and Electronic Equipment Directive (WEEE, Directive 2012/19/EU) is implemented in Germany via the Elektroggesetz (ElektroG). This act places the responsibility and financing costs for the collection, treatment, and recycling of waste electrical and electronic equipment directly upon the manufacturer.

Since we produce industrial assembly solutions we must take several mandatory steps before products can be sold:

- **Registration:** Mandatory registration with the national authority, the Stiftung Elektro-Altgeräte Register (Stiftung EAR), as a 'producer'.
- **Take-Back Concept:** We must submit a formal, credible B2B take-back concept (Glaubhaftmachung) to Stiftung EAR.
- **Financial Guarantees:** Financial guarantees must be provided to ensure recycling costs are covered.
- **Labeling:** Equipment placed on the market since January 2023 must bear the 'crossed-out wheeled bin' symbol.

Non-compliance can result in fines up to €100,000 and in us being blocked from placing products on the market.

The German KrWG establishes fundamental principles such as the polluter pays principle and mandates adherence to a five-step waste hierarchy (prevention, preparation for recycling, recycling, other types of recovery, and disposal).

REGULATORY OVERVIEW

Export Control

As a participant in foreign trade activities, we are subject to international trade regulations, including those governing exports, international technology transfers and services.

Export controls in the EU are primarily governed by Regulation (EU) 2021/821 (EU Dual-Use Regulation), which establishes a common regime for the export, brokering, technical assistance, transit, and transfer of dual-use items. These are goods, software, and technologies which can be used for both civilian and military purposes. The regulation aims to prevent the proliferation of weapons of mass destruction, support international security, and address risks like human rights violations through cyber-surveillance tools. Annex I to the Dual-Use Regulation contains the regularly updated EU Dual List. In particular, the categories 2 (Materials Processing), 3 (Electronics), 6 (Sensors and Lasers) are potentially relevant for the type of products we produce. However, we do not currently export any goods, software or technologies which are listed in the EU Dual Use List. No specific EU import restrictions apply to the goods, software and technology that we source which go beyond standard customs law regulations.

German laws establish the applicable national procedures, additional controls, for the export of nationally listed dual use goods and military items as listed in the German export control list, and penalties in case of violations. We do not currently export any goods, software or technologies which are listed in the German export control list. No specific national import restrictions apply to the goods, software and technology that we source which go beyond standard customs law regulations.

Laws Governing Employee's Inventions

As an employer generally provides for the means enabling employees to come up with intellectual ideas in the course of employment, the German Employee's Invention Act (Arbeitnehmererfindungsgesetz) basically sets out that under the aforementioned circumstances intellectual property rights rest with the employer while the employee is entitled to appropriate compensation.

In relation to software, German copyright law provides for an overriding rule for software developed by employees. Under Section 69b of the German Copyright Act (Urheberrechtsgesetz) copyrights vest in the employer by operation of law. In special

REGULATORY OVERVIEW

employment situations, such as in case of freelancing, the will of the parties as to property rights allocation must be expressly agreed on.

Foreign Investment Regime

Under Germany's foreign investment regime, set out in the AWG and the AWV, direct and indirect acquisitions of stakes in German companies may be subject to screening and, in certain cases, mandatory notification. A mandatory notification may be required for acquisitions as low as $\geq 10\%$ of the voting rights in listed, highly sensitive sectors like defense, critical infrastructure, healthcare, or advanced technologies, with subsequent reviews at 20%, 25%, 40%, 50%, or 75%. The activity of the German target company is decisive for the applicable voting right threshold and which foreign investors trigger a review (non-EU/EFTA or non-German). In non-listed sectors, $\geq 25\%$ voting rights acquisitions by non-EU/EFTA investors are only subject to a discretionary call-in regime for a max. 5-year period. Certain share acquisition conferring "atypical control" to the foreign investor via additional rights, can trigger the regime and, in certain sectors, require mandatory notification. If notifying is mandatory and pending clearance, certain standstill obligations apply, and the transaction is invalid; infringements are subject to penalties. Special rules apply to stock exchange securities transactions. The regime has tightened since 2018, with over 300 cases reviewed in 2024, focusing on energy, tech, and healthcare.

The Federal Ministry for Economic Affairs and Energy (BMWE) conducts reviews, with Phase 1 (two months) and Phase 2 (up to four months; subject to further extensions and suspensions). It may prohibit or restrict the acquisition by a foreign investor on grounds of public order or security or clear the transaction.

The activities of our German companies do currently not fall within the listed sectors, so any direct or indirect change in the holding of voting rights in our German companies does currently not trigger mandatory filing requirements under German foreign investment laws. The ficonTEC Acquisition falls within the scope of the discretionary call-in regime. The [REDACTED] falls within the scope of the discretionary call-in regime if it leads to a shareholder holding, directly or indirectly, for the first time 25%, 40%, 50%, or 75% of the voting rights or "atypical control" in our German companies.

AI Act

The Artificial Intelligence Regulation (AI Act, 2024/1689/EU) regarding artificial intelligence is relevant for us, as we are increasingly using AI technologies. The AI Act establishes obligations for different types of operators, specifically providers, deployers, importers, distributors, and product manufacturers. A key element of the regulation is its risk-based approach, which classifies AI systems into four categories: minimal, limited, high, and unacceptable risk. The higher the perceived risk, the stricter the rules that need to be obeyed. Depending on the risk level, affected companies must fulfil specific obligations and provide documentation. In particular for high-risk AI systems, certification and documentation requirements will apply.

REGULATORY OVERVIEW

LAWS AND REGULATIONS IN THE U.S.

Product Safety and Product Liability

Product Safety Law

Consumer product safety in the United States is overseen primarily by the U.S. Consumer Product Safety Commission ("CPSC"), which was created by Congress in 1972 under the Consumer Product Safety Act ("CPSA").

The Consumer Product Safety Improvement Act of 2008 ("CPSIA") amended the CPSA and, among other requirements, provides for certification obligations (including a General Certificate of Conformity) for products subject to CPSC rules, bans, standards or regulations.

Manufacturers, importers, distributors and retailers may have reporting obligations to the CPSC under CPSA Section 15(b), including reporting failures to comply with consumer product safety rules, product defects that could create a substantial product hazard, and products creating an unreasonable risk of serious injury or death.

Product Liability Law

U.S. state law generally imposes liability on all subcontractors and retailers (and parties in the supply chain) for injuries that result from unsafe, defective, and dangerous products sold to consumers. Product liability claims in the United States are typically based on three theories of law: (1) strict liability, (2) negligence and (3) breach of warranty.

Product liability legal actions and recall campaigns in the United States could involve personal injury and property damage and could involve claims for substantial monetary damages. The results of any future litigation and claims involving product liability in the United States are inherently unpredictable. Based on our past experience, we do not anticipate that, in the aggregate, the outcome of any such litigation and claims involving us will have a material effect on our consolidated financial position or liquidity; however, such outcome could be material to our results of operations in particular period in which costs, if any are recognized by us.

Data Privacy

The United States does not have a single comprehensive federal privacy or data security statute; privacy and security regulation is instead addressed through a combination of federal sector-specific laws and enforcement (including FTC enforcement under Section 5 of the FTC Act) and state laws.

California's Consumer Privacy Act ("CCPA"), as amended by the California Privacy Rights Act, provides California residents with certain privacy rights and is enforced by the California Attorney General and the California Privacy Protection Agency ("CPPA"). The CCPA also includes a private right of action in limited circumstances involving certain data breaches (Cal. Civ. Code § 1798.150).

REGULATORY OVERVIEW

International Trade

Our business requires compliance with tariffs and other import controls laws and regulations.

Importation of Goods into the United States

Importation of goods into the United States is administered by U.S. Customs and Border Protection ("CBP"). CBP guidance states that "reasonable care" is an explicit responsibility of the importer, and import compliance failures may lead to enforcement actions.

In addition, U.S. law prohibits entering or introducing merchandise into U.S. commerce by means of material false statements or omissions, and provides for civil penalties based on levels of culpability (fraud, gross negligence or negligence) under 19 U.S.C. § 1592.

Tariffs

The United States imposes tariffs on certain goods imported from various countries. CBP is responsible for collecting tariffs on goods imported to the United States during the customs clearance process. United States customs regulations (the "**Customs Regulations**"), administered by CBP apply to any products entering the United States. Tariff rates are generally set forth in the Harmonized Tariff Schedules of the United States (the "**HTSUS**"). Note that embargoes, antidumping duties, countervailing duties, and other specific matters administered by the United States executive branch are not contained in the HTSUS and that various regulations or administrative actions could result in modification of these duties. Section 301 of the Trade Act authorizes the President of the United States to take all appropriate action, including retaliation, to obtain the removal of any act, policy, or practice of a foreign government that violates an international trade agreement or is unjustified, unreasonable, or discriminatory, and that burdens or restricts U.S. commerce.

Recently, the U.S. government has been rolling out a series of tariffs and relevant new policies. On February 4, 2025, the U.S. government imposed a 10% baseline tariff on all imports from China under the IEEPA. Starting from March 4, 2025, the additional tariffs on imports from China imposed by the U.S. government has been raised to 20%. In April 2025, the U.S. announced new reciprocal tariffs on 57 countries with which the U.S. runs significant trade deficits. On February 20, 2026, the Supreme Court of the United States ruled that IEEPA does not authorize the President to impose tariffs. On the same day, the U.S. government imposed a 10% baseline tariff on all imports under Section 122 of the Trade Act of 1974, and the tariff rate was subsequently raised to 15%.

Depending on the latest development of the trade negotiations between the U.S. and China, the level and number of products subject to additional tariffs may change over time.

Corporation Income Tax

A corporation organized under the laws of the United States or any state is subject to U.S. corporate tax on its worldwide income and gains. Corporate income tax is imposed at a flat rate of 21% (plus any applicable state or local corporate tax). Taxes are based on operating earnings after expenses have been deducted.

REGULATORY OVERVIEW

Labor Laws and Employment Laws

The employment of individuals in the United States is governed by federal, state and sometimes local laws. Federal laws set the minimum legal standard for employee rights; state and local laws may set different standards. Most employees in the United States are hired "at-will," meaning that their employment can be terminated at any time, with or without notice or cause, but in no event may an employee be terminated for an illegal reason (such as discrimination or harassment), nor may an employee be terminated or retaliated against for engaging in a legally protected activity.