The following section sets forth a summary of certain aspects of the laws and regulations of China, Germany, and the Netherlands, which are relevant to our business operations.

CHINA

Industry Policies

According to the Catalogue for Guiding Industry Restructuring (2024 Version) (產業結構調整指導目錄(2024年本)) promulgated by the National Development and Reform Commission of China, or the NDRC, on December 27, 2023 and effective from February 1, 2024, technologies and equipment for new power systems and technologies and applications for renewable energy utilization belong to the encouraged category of industries.

According to the Energy Law of China (中華人民共和國能源法) promulgated by the Standing Committee of the National People's Congress, or the SCNPC, on November 8, 2024 and came into effect on January 1, 2025, China promotes the improvement of energy utilization efficiency, encourages the development of distributed energy and integrated energy services such as multi-energy complementary and multi-energy combined supply, actively promotes market-based energy conservation services such as contractual energy management, and promotes cleaner, lower-carbon, more efficient, and smarter end-use energy consumption.

According to the Special Action Plan for Large-Scale Construction of New Energy Storage (2025–2027) (新型儲能規模化建設專項行動方案(2025–2027年)) jointly promulgated by NDRC and the National Energy Administration on August 27, 2025, by 2027, the national installed capacity of new energy storage will exceed 180 million kilowatts, driving direct project investment of approximately RMB250 billion. The plan also proposes multiple measures such as advancing the application of generation-side energy storage and expanding the application of grid-side energy storage.

On January 27, 2025, the NDRC and the National Energy Administration jointly issued the Notice on Deepening the Market-Oriented Reform of New Energy On-grid Prices and Promoting the High-Quality Development of New Energy (關於深化新能源上網電價市場化改革促進新能源高質量發展的通知), which sets out the overall framework for the comprehensive market-oriented reform of new energy on-grid price. The reform mainly covers: (i) In principle, all on-grid electricity generated by new energy projects will enter the power market. (ii) After new energy projects participate in market transactions, a separate settlement mechanism will be established outside the market at the settlement stage, under which the electricity included in the mechanism will be settled based on the mechanism price. (iii) Any price difference between the average market trading price and the mechanism price will be settled by power grid enterprises through a price spread settlement mechanism, thereby ensuring that the incremental projects commissioned on or after June 1, 2025, the electricity volume to be newly included in the mechanism will be determined by local authorities annually by reference to factors such as the fulfillment of non-hydro renewable energy consumption responsibility weights and users' affordability. The mechanism price for such incremental projects will be formed through annual voluntary competitive bidding among eligible projects that have been commissioned or are expected to be commissioned within the following 12 months, subject to local relevant authorities determined bidding caps and, where appropriate at the initial stage, bidding floors.

Regulations on Corporation

Companies incorporated and operating in China are bound by the Company Law of China (中華人民共和國公司法), or the PRC Company Law issued by the SCNPC on December 29, 1993, last amended on December 29, 2023, and effective from July 1, 2024. Under the current PRC Company Law, companies are categorized into limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested companies, except where otherwise provided for in foreign investment laws, in which case such provisions shall prevail.

A joint stock limited company is an enterprise legal person incorporated in China in accordance with the PRC Company Law, which has independent legal person property and enjoys rights relating to such property in its own name. The share capital of a joint stock limited company may be categorized into shares of equal nominal value or shares without nominal value in accordance with the PRC Company Law.

Regulations on Product Quality

According to the Product Quality Law of the PRC (中華人民共和國產品質量法), or the Product Quality Law, last amended on 29 December 2018 by the SCNPC and effective on the same date, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system relating to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks is prohibited; It is also prohibited to falsify the place of origin of the product, or falsify or imitate the name or address of another manufacturer. It is further prohibited to adulterate, mix improper elements with products in manufacture or for sale, to pass off fake products as genuine, or to pass off the inferior as the superior. Any manufacturer or seller who violates the Product Quality Law may be subject to (i) administrative penalties including ordered suspension of production or sale, ordered correction of illegal activities, confiscation of products subject to illegal production or sale, imposition of fines, confiscation of illegal gains and, in severe cases, revocation of its business license; and (ii) criminal liabilities if the illegal activity constitutes a crime.

Regulations on Production Safety

According to the Work Safety Law of the PRC (中華人民共和國安全生產法) promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021, and effective on September 1, 2021, business entities shall strengthen their work safety management, enhance work safety conditions, promote work safety standardization and improve work safety levels. Entities which cannot meet the safety conditions prescribed by laws, regulations and national or industry standards shall not engage in production or other business activities. To ensure work safety rules are observed in the production process, business entities shall establish and improve their work safety responsibility systems and work safety policies which specify responsible person(s) at each position, the scope of duties and evaluation criteria. Business entities shall provide their employees with labor protection equipment and work safety training. Where the primary person-in-charge of a business entity fails to perform his or her duties in respect of work safety, he or she would be subject to legal liabilities, depending on the seriousness of the relevant work safety accidents.

Regulations on Intellectual Property Rights

Patents

Pursuant to the Patent Law of China (中華人民共和國專利法) adopted by the SCNPC on March 12, 1984, revised on October 17, 2020, and effective on June 1, 2021, the Rules for the Implementation of the Patent Law of the PRC (中華人民共和國專利法實施細則) promulgated by the Patent Office of the PRC on January 19, 1985, last amended by the State Council on December 11, 2023 and effective on January 20, 2024, and the Announcement of the China National Intellectual Property Administration on the Interim Measures for Handling Relevant Examination Business Concerning the Implementation of the Revised Patent Law and Its Implementing Rules (國家知識產權局關於施行修改後的專利法及其實施細則相關審查業務處理過渡辦法的公告) promulgated by the State Intellectual Property Office on December 21, 2023 and effective on January 20, 2024, the term of an invention patent is 20 years. The term of a utility model patent and a design patent with a filing date on or before May 31, 2021 is 10 years, while the term of a design patent with a filing date on or after June 1, 2021 is 15 years. All terms shall commence from the filing date.

Trademarks

Pursuant to the Trademark Law of China (中華人民共和國商標法) promulgated on August 23, 1982, last amended on April 23, 2019, and effective on November 1, 2019 and the Implementation Regulations of the Trademark Law of China (中華人民共和國商標法實施條例) issued on August 3, 2002, last amended on April 29, 2014 and effective on May 1, 2014, the Trademark Office under the China National Intellectual Property Administration, or the Trademark Office, shall handle trademark registrations and grant a term of 10 years to registered trademarks, which may be renewed for an additional ten year period upon request from the trademark owner.

Copyright and Software Registration

Pursuant to the Regulation on Computer Software Protection (計算機軟件保護條例) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated on April 6, 1992 and last amended by the National Copyright Administration on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (互聯網域名管理辦法) promulgated by the Ministry of Industry and Information Technology of China on August 24, 2017 and effective on November 1, 2017. Ministry of Industry and Information Technology of China is the major regulatory authority of domain names. The registration of domain names in China is on a first-apply-first-registration basis. A domain name applicant will become the domain name holder upon completion of the application procedure.

Regulations on Trade Secrets

According to the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法) promulgated by the SCNPC in September 2, 1993, last amended on June 27, 2025, and effective on October 15, 2025, the trade secrets refer to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (i) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (ii) disclosing, using, or permitting others to use the trade secrets obtained illegally by way of activities listed in (i); (iii) disclosing, using, or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (iv) instigating, inducing or assisting others to violate confidentiality obligation or to violate a right holder's requirements on keeping confidentiality of commercial secrets, in order to disclose, use, or allow others to use the commercial secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses, or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of others' trade secrets. The parties whose trade secrets are misappropriated may petition for administrative corrections, and regulatory authorities may order the cessation of unlawful activities and impose fines on infringing parties.

Regulations on Real Estates

According to the Land Administration Law of China (中華人民共和國土地管理法), promulgated by the SCNPC on June 25, 1986, last amended on August 26, 2019, and effective on January 1, 2020, state-owned land may, in accordance with the provisions of laws and administrative regulations, be allocated for use by entities or individuals. According to 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, last amended on March 10, 2024, and effective on May 1, 2024, registration of real estate shall be administered by the real estate registration authorities at or above the county level at the place where the relevant real estate is located.

According to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and effective on February 1, 2011, the parties to a commodity house lease shall complete the lease registration with the competent construction and real-estate departments of the municipalities directly under the central government,, cities, and counties where the leased property is located within 30 days after the lease is executed. The competent construction and real estate departments of the municipalities directly under the central government, cities, and counties shall order the lease record filing to make corrections within a prescribed time limit, and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on institutions which fail to rectify within the specified time limit.

Regulations on Environmental Protection

According to the Environmental Protection Law of China (中華人民共和國環境保護法) promulgated by the SCNPC on December 26, 1989, last amended on April 24, 2014 and implemented on January 1, 2015, the PRC Environmental Impact Assessment Law (中華人民共和國環境影響評價法) last amended and implemented by the SCNPC on December 29, 2018, the Regulations on the Administration of Environmental Protection for Construction Project (建設項目環境保護管理條例) last amended by the State Council on July 16, 2017 and implemented on October 1, 2017, Administration Regulations on Record-Filing of the Registration Forms of Construction Projects (建設項目環境影響登記表備案管理辦法) promulgated by the Ministry of Ecology and Environment of China, which was the former Ministry of Environmental Protection, on November 16, 2016 and effective on January 1, 2017, the Interim Measures on Environmental Protection Acceptance of Construction Projects (建設項目竣工環境保護驗收暫行辦法) promulgated by the former Ministry of Environmental Protection of China on November 20, 2017 and effective on the same date, and other relevant environmental laws and regulations, construction projects shall undergo the environmental impact assessment procedure as required. Projects with significant environmental impact shall prepare an environmental impact report with comprehensive assessment. Projects with less severe impact shall prepare an environmental impact report with analysis of specific assessment. Projects with slight impact are exempted from environmental impact assessment but shall complete an environmental impact registration form.

According to the Regulations on the Administration of Permitting of Pollutant Discharges (排污許可管理條例) promulgated by the State Council on January 24, 2021 and implemented on March 1, 2021 and the Catalog for the Classified Management of Pollutant Discharge Permitting for Stationary Pollution Sources (2019 Edition) (固定污染源排污許可分類管理名錄(2019年版)) issued by the Ministry of Ecology and Environment on December 20, 2019 and effective on the same date, enterprises, public institutions, and other entities which are subject to pollutant discharge permit management as stipulated by laws must apply for and obtain pollutant discharge permits. Without this permit, discharging pollutants is prohibited. Pollutant discharging entities with a significant volume of pollutant generation, emissions, or environmental impact are subject to comprehensive management on permission of pollutant discharge. Those with a smaller volume of pollutant generation, emissions, or environmental impact are subject to simplified management on permission of pollutant discharge. Entities with minimal pollutant generation, emissions, and environmental impact are subject to pollutant discharge registration management.

Regulations on Employment and Social Welfare

Pursuant to the PRC Labor Law (中華人民共和國勞動法) adopted by the SCNPC on July 5, 1994, last amended on December 29, 2018 and effective on the same date, the PRC Employment Contract Law (中華人民共和國勞動合同法) adopted by the SCNPC on June 29, 2007, last amended on December 28, 2012, and effective on July 1, 2013, employers shall conclude a written employment contract when establishing an employment relationship with employees. The wages paid shall not be lower than the local minimum wage standard. Employers shall establish and improve labor protection policies in accordance with the laws to ensure that employees enjoy labor rights and perform labor obligations.

Pursuant to the Social Insurance Law of China (中華人民共和國社會保險法) adopted by the SCNPC on October 28, 2010, last amended on December 29, 2018, and effective on December 29, 2018, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated by the State Council on January 22, 1999, last amended on March 24, 2019, and effective on March 24, 2019, the Regulation 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, last amended on March 24, 2019, and effective on March 24, 2019, and the Regulation on Work-Related Injury Insurance (工傷保險條例) promulgated by the State Council on April 27, 2003, last amended on December 20, 2010, and effective on January 1, 2011, employers shall open social insurance accounts and housing provident fund accounts within 30 days from the date of employment. They shall also pay social insurance funds including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, and maternity insurance, as well as housing provident funds for their employees. Employers that fail to pay such funds shall be fined and ordered to make up the payment within a specified time limit.

On July 31, 2025, the PRC Supreme Court promulgated the Second Interpretation of the Supreme Court on Several Issues Concerning the Application of Law in Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the PRC courts shall deem such agreement or undertaking invalid. In addition, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the PRC courts shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Regulations on Import and Export

Pursuant to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) enacted by the SCNPC on May 12, 1994, last amended on December 27, 2025 and effective on March 1 2026, the free import and export of goods and technologies are permitted, except as otherwise provided by laws and administrative regulations.

Pursuant to the PRC Customs Law (中華人民共和國海關法) promulgated by the SCNPC on January 22, 1987 and revised and effective on April 29, 2021, the General Administration of Customs of China is the state organ responsible for the supervision and administration of the entry and exit of goods and personnel. General Administration of Customs of China shall exercise its jurisdiction in all respects in accordance with relevant laws and administrative regulations. Consignors and consignees of import and export goods, as well as customs declaration enterprises, shall complete customs declaration formalities and conduct filing with the General Administration of Customs of China in accordance with the law.

Pursuant to the Notice on Matters Concerning the Filing of Consignors 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 and implemented by the Department of Enterprise Management and Inspection of the General Administration of Customs on January 3, 2023, consignors and consignees of import and export goods applying for filing shall obtain market entity qualification and are not required to obtain the filing of foreign trade operators.

Regulations on Personal Information Protection and Data Security

Pursuant to the Civil Code of China, personal information of natural persons is protected by law. Any organization or individual must legally obtain the relevant personal information of others and must ensure the security of the relevant information, and must not illegally collect, use, process, or transmit the personal information of others, nor illegally trade, provide, or disclose the personal information of others.

The Personal Information Protection Law of China promulgated on August 20, 2021 and effective on November 1, 2021 defines personal information as various information relating to an identified or identifiable natural person recorded electronically or by other means, but does not include anonymized information. Personal information processing includes personal information collection, storage, use, processing, transmission, provision, disclosure, and deletion, among others. A personal information processor can process personal information of an individual only if one of the following circumstances exists: (i) the individual's consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party or necessary for human resources management in accordance with the labor rules and regulations legally established or the collective contracts legally concluded; (iii) the processing is necessary for the performance of statutory duties or obligations; (iv) the processing is necessary for the response to public health emergencies or for the protection of life, health, and property safety of natural persons in emergencies; (v) the personal information is reasonably processed for news reporting, media supervision, or other activities conducted in the public interest; (vi) the personal information is disclosed by the individual itself or otherwise legally disclosed and is reasonably processed in accordance with the Personal Information Protection Law of China; and (vii) other circumstances as provided by laws or administrative regulations. Unless otherwise provided in clauses (ii) to (vii) listed above, individual consent shall be obtained for processing personal information. A personal information processor shall process personal information according to the rules in the Personal Information Protection Law and fulfill its personal information protection obligation under the Personal Information Protection Law of China.

The Data Security Law of China, promulgated on June 10, 2021 and effective on September 1, 2021 stipulates the data security obligations and responsibilities of entities and individuals engaged in data processing activities. The Data Security Law of China also establishes a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm caused to national security, public interests, or the lawful rights and interests of individuals and organizations in the event of data tampering, destruction, leakage, or illegal acquisition or use, and requires the adoption of appropriate levels of protective measures corresponding to the respective data security protection levels. Violation of the Data Security Law of China may result in orders to cease illegal activities, warnings, fines, suspension of business operations for rectification, revocation of business licenses or operating permits, and fines on the directly responsible supervisors or other directly responsible personnel.

On July 7, 2022, the Cyberspace Administration of China issued the Measures for the Security Assessment of Data Cross-Border Transfer (數據出境安全評估辦法) which took effect on September 1, 2022. On February 22, 2023, the Cyberspace Administration of China issued the Measures on Standard Contracts for Cross-Border Transfer of Personal Information (個人信息出境標準合同辦法) which took effect on June 1, 2023. On March 22, 2024, the Cyberspace Administration of China issued the Provisions on Promoting and Regulating Cross-Border Flow of Data (促進和規範數據跨境流動規定), or the New Cross-Border Data Flow Provisions, which took effect on the same day. According to the New Cross-Border Data Flow Provisions, data processors are subject to security assessments conducted by the Cyberspace Administration of China prior to any cross-border transfers of important data and personal information that falls under any of the following circumstances: (i) where the critical information infrastructure operators intends to provide important data or personal information overseas; (ii) where the data processor other than critical information infrastructure operators intends to provide important data overseas; (iii) where the data processor other than critical information infrastructure operators that has provided personal information (excluding sensitive personal information) of at least one million individuals or sensitive personal information of at least 10,000 individuals to overseas recipients since January 1 of any given calendar year and intends to provide personal information overseas; and (iv) other circumstances where the security assessment of cross-border data transfer is required as prescribed by the Cyberspace Administration of China. The New Cross-Border Data Flow Provisions also set out scenarios under which certain obligations for the cross-border data transfer are waived, including passing the security assessment of cross-border data transfer, concluding a standard contract for the cross-border transfer of personal information, or passing the personal information protection certification.

On September 24, 2024, the Regulation on Network Data Security Management (網絡數據安全管理條例) was promulgated by the State Council and has come into effect on January 1, 2025. The Cyber Data Security Management Regulations is to implement general requirements on data security management from the Cybersecurity Law, the Data Security Law, as well as the Personal Information Protection Law, reiterating the general regulations for data processing activities and rules of personal information protection, important data security protection, network data cross-border transfer management, and internet platform service providers' obligations.

Regulations on Cybersecurity

The PRC government has enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure. Internet information in the China is regulated and restricted from a national security standpoint. The SCNPC enacted the Decision on the Maintenance of Internet Security (關於維護互聯網安全的決定) on December 28, 2000, amended on August 27, 2009 and effective on the same date, which provides that persons may be subject to criminal liabilities in China for any attempt to undermine the safe operation of the internet, sabotage national security and social stability, hinder the order of the socialist market economy and social administration, or infringe personal, property, and other legitimate rights and interests of individuals, legal persons, and other organizations.

The Administrative Measures for the Hierarchical Protection of Information Security (信息安全等級保護管理辦法) was issued by the Ministry of Public Security, National Administration of State Secrets Protection, State Council Information Office (abolished), and State Cryptography Administration and took effect on June 22, 2007. It requires the entities that operate and use information systems to fulfill the obligation of the hierarchical protection of information security. The operator or the user of the information systems at Grade II or above shall, within 30 days since the date when its security protection grade is determined, complete the record filing procedures at the local public security authority at the level of city divided into districts or above.

The PRC Cybersecurity Law (中華人民共和國網絡安全法) promulgated on November 7, 2016, last amended on October 28, 2025 and effective on January 1, 2026, requires that when constructing and operating a network or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations, and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cybersecurity events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality, and availability of network data. The PRC Cybersecurity Law emphasizes that any individuals and organizations that use networks must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cybersecurity Law has also reaffirmed certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. Any violation of the provisions and requirements under the PRC Cybersecurity Law may subject an internet service provider to rectifications, warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of qualifications, closedown of websites, or even criminal liabilities.

Regulations on Foreign Exchange

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of China (中華人民共和國外匯管理條例) which became effective on April 1, 1996 and was last amended on August 5, 2008. Foreign exchange payments for current account transactions may be made with foreign exchange owned by the payer, or with the foreign exchange purchased from financial institutions duly authorized for foreign exchange sale and purchase operations with the presence of such valid documents as specified by the foreign exchange administration department of the State Council. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On October 23, 2019, the State Administration of Foreign Exchange promulgated the Notice on Further Facilitating 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), which was partially revised by the Notice of Further Deepening Reform and Promoting Cross-Border Trade and Investment Facilitation (國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知) on December 4, 2023. This notice has lifted the restriction on domestic equity investment using capital funds for non-investment-oriented foreign-invested enterprises. Such enterprises may now conduct domestic equity investment with their capital funds in accordance with the law, on the premise that they do not violate the negative list, a special administrative measures for the access of foreign investment in specific sectors as stipulated by the competent PRC authorities and the domestic projects to be invested in are authentic and compliant.

Regulations on Taxation

Enterprise Income Tax

Pursuant to the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) adopted by the National People's Congress on March 16, 2007, last amended on December 29, 2018 and effective on the same date, and the Regulations on the Implementation of the PRC Enterprise Income Tax Law (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, revised and promulgated on December 6, 2024, and effective on January 20, 2025, a domestic enterprise which is established within China in accordance with the laws or established in accordance with any laws of foreign country or region but with an actual management entity within China shall be regarded as a resident enterprise. A resident enterprise shall be subject to an enterprise income tax law of 25% of any income generated within or outside China. A preferential enterprise income tax rate shall be applicable to any key industry or project which is supported or encouraged by the authorities. High and new technology enterprises which are supported by the authorities may enjoy a reduced enterprise income tax rate of 15%.

Pursuant to the Announcement on Relevant Tax Policies for Further Supporting the Development of Micro, Small, and Medium-sized Enterprises and Individual Industrial and Commercial Households (關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告) jointly promulgated by the Ministry of Finance of China and the State Taxation Administration of China on August 2, 2023, the preferential enterprise income tax policy for small and low-profit enterprises will be extended until December 31, 2027, pursuant to which these entities can calculate their taxable income at a reduced rate of 25% and pay enterprise income tax at a tax rate of 20%.

Value-Added Tax

Pursuant to the PRC Value-Added Tax Law (中華人民共和國增值稅法) promulgated by the SCNPC on December 25, 2024 and effective on January 1, 2026 and the Regulation on the Implementation of the PRC Value-Added Tax Law (中華人民共和國增值稅法實施條例) promulgated by the State Council on December 25, 2025 and effective on January 1, 2026, entities and individuals, including individual businesses engaged in the sale of goods, services, intangible assets, or real estate within the territory of China, or in the importation of goods, shall be considered value-added taxpayers and shall pay the value-added tax. The value-added tax rates generally applicable are simplified as 13%, 9%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%.

Pursuant to the Announcement on Adjusting Export Tax Rebate Policies for Photovoltaic and Other Products (關於調整光伏等產品出口退稅政策的公告), promulgated by the Ministry of Finance of China and the State Taxation Administration of China on January 8, 2026, the VAT export rebate for photovoltaic and other products listed in its Annex 1 has been cancelled with effect from April 1, 2026.

Regulations on Foreign Investment

The Foreign Investment Law 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 on January 1, 2020 defines foreign investment as investment activities conducted within China, either directly or indirectly, by foreign individuals, enterprises, or other organizations. Such activities include the following categories: (i) a foreign investor sets up a foreign-invested enterprise in the territory of China individually or jointly with any other investor; (ii) a foreign investor acquires shares, equities, property interests, or other similar rights and interests of an enterprise in the territory of China; (iii) a foreign investor invests in a new project in the territory of China individually or jointly with any other investor; (iv) investment in other ways as prescribed by laws, administrative regulations, or prescribed by the State Council. The Foreign Investment Law of China further adopts the management system of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment means that the treatment accorded to foreign investors and their investments at the stage of investment access shall be no less favorable than that accorded to domestic investors and their investments. The negative list means the special administrative measures for the access of foreign investment in specific sectors as stipulated by the competent authorities. The competent authorities accords national treatment to foreign investments outside the negative list. The negative list shall be issued by, or with the approval of, the State Council.

On December 26, 2019, the State Council promulgated the Regulations on Implementing the PRC Foreign Investment Law (中華人民共和國外商投資法實施條例) which came into effect on January 1, 2020. This implementation rule further clarified that the authorities shall encourage and promote foreign investment, protect the lawful rights and interests in foreign investments, regulate foreign investment administration, continue to optimize foreign investment environment and advance a higher-level opening.

Investment activities in China by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 version) (外商投資准入特別管理措施(負面清單)(2024年版)) and the Catalogue of Industries for Encouraging Foreign Investment (2025 version) (鼓勵外商投資產業目錄(2025年版)). The Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 version), which came into effect on November 1, 2024, sets out special restricted or prohibited administrative measures in respect of the access of foreign investments in a centralized manner, and the Catalogue of Industries for Encouraging Foreign Investment (2025 version) which came into effect on February 1, 2026, sets out the encouraged industries for foreign investment. The Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 version) covers 11 industries, and any field not falling within this list shall be administered under the principle of equal treatment for domestic and foreign investment. Our business as currently conducted does not fall within the confines of this negative list and is not subject to special administrative measures.

Regulations on Outbound Investment

Pursuant to the Measures for the Administration of Overseas Investment by Enterprises (企業境外投資管理辦法) promulgated by the NDRC on December 26, 2017 and effective on March 1, 2018, domestic enterprises of China engaging in overseas investment shall complete formalities such as approval and filing for overseas investment projects, report relevant information, and cooperate with supervision and inspection. The scope of approval-based administration covers sensitive projects carried out by investment entities directly or through overseas enterprises controlled by them. The scope of filing-based administration covers non-sensitive projects directly carried out by investment entities, namely, non-sensitive projects involving the direct input of assets, equities, or the provision of financing or guarantees by investment entities.

Pursuant to the Measures for the Administration of Overseas Investment (境外投資管理辦法) promulgated by the Ministry of Commerce on March 16, 2009, revised on September 6, 2014, and effective on October 6, 2014, the Ministry of Commerce and provincial competent commercial departments shall implement filing and approval administration respectively based on different circumstances of enterprises' overseas investment. Where an enterprise's overseas investment involves any sensitive country or region, or any sensitive industry, approval-based administration shall apply. For all other circumstances of overseas investment, filing-based administration shall apply. The State Administration of Foreign Exchange issued the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) on February 13, 2015, abolishing the approval requirement for foreign exchange registration of direct investment. Banks shall directly examine and process foreign exchange registration for overseas direct investment. The State Administration of Foreign Exchange and its branches shall exercise indirect supervision over foreign exchange registration for overseas direct investment through banks.

Regulations Relating to Overseas Securities Offering and Listing

Overseas Securities Offering and Listing

China Securities Regulatory Commission, or the CSRS, promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法), or the Overseas Listing Trial Measures and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The CSRC promulgated the Notice on the Filing Administration Arrangements for Overseas Issuance and Listing of Domestic Enterprises (關於境內企業境外發行上市備案管理安排的通知) on February 17, 2023, which came into force on February 17, 2023.

The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system. According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations, or relevant state rules; (ii) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be listed or offer securities in overseas markets, its controlling shareholder(s), or the actual controller committed crimes such as corruption, bribery, embezzlement, misappropriation of property, or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) or actual controller.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定), which took effect on March 31, 2023. Pursuant to these provisions, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities, or other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions, and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the state.

H Share Full Circulation

Full circulation refers to the listing and circulating on the Stock Exchange of Hong Kong Limited of the domestic unlisted shares of a domestic H-share company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-Share Listed Companies (H股公司境內未上市股份申請「全流通」業務指引), which were last amended on August 10, 2023. These guidelines allow certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to these guidelines, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment, and industry regulation are met, and the corresponding H-share listed company may be entrusted to file with the CSRC. Domestic companies limited by shares that have not been listed may file with the CSRC for full circulation at the time of their initial public offering and listing overseas. Besides, according to the Overseas Listing Trial Measures, where the shareholders of unlisted shares in China apply for the conversion of the domestic unlisted shares held by them into overseas listed shares and have such shares listed and traded on an overseas exchange, they shall entrust the domestic enterprise to file with the CSRC, subject to the relevant regulations of the CSRC.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and the Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share Full Circulation Business (H股「全流通」業務實施細則). The H-share full circulation businesses, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, and services of nominal holders, are subject to these measures.

In June 2025, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited also revised the Guide of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the Program for Full Circulation of H-shares (中國證券登記結算有限責任公司深圳分公司H股「全流通」業務指南) to specify the relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures, and other relevant matters.

THE NETHERLANDS

Overview

The import, marketing, sale and maintenance of solar inverters and related electrical products in the Netherlands are primarily regulated by European Union ("EU") legislation relating to product safety, technical conformity, environmental protection and product liability, together with Dutch legislation implementing and enforcing such EU legislation.

As the Company's products are manufactured outside the EU and imported into the Netherlands for sale within the EU market, the Company may be subject to various regulatory obligations applicable to importers and distributors under the EU product regulatory framework. In addition, companies placing electrical and electronic equipment or packaged products on the Dutch market may be subject to extended producer responsibility regimes relating to waste electrical equipment, batteries and packaging.

Product Safety and CE Marking

Electrical products placed on the EU market must comply with applicable EU product legislation and must generally bear the CE marking indicating conformity with relevant EU requirements.

Solar inverters and related electrical equipment typically fall within the scope of several EU directives and regulations, including:

- the Low Voltage Directive (2014/35/EU), which establishes safety requirements for electrical equipment operating within certain voltage limits;
- the Electromagnetic Compatibility Directive (Directive 2014/30/EU), which regulates electromagnetic interference generated by electrical equipment and ensures such equipment functions properly in its electromagnetic environment;
- the General Product Safety Regulation ((EU) 2023/988), which entered into force on 13 December 2024 and replaced the former General Product Safety Directive. The Regulation establishes general safety obligations for consumer products placed on the EU market and imposes obligations on manufacturers, importers and distributors with regard to traceability, market surveillance and corrective measures; and
- the Restriction of Hazardous Substances Directive (2011/65/EU) (RoHS Directive), which restricts the use of certain hazardous substances in electrical and electronic equipment. Compliance with the RoHS Directive forms part of the EU product compliance framework applicable to electrical and electronic equipment and is demonstrated through CE marking.

Where solar inverter products incorporate wireless communication modules, such as Wi-Fi or Bluetooth connectivity, they may also fall within the scope of the Radio Equipment Directive (RED, EU directive 2014/53/EU), which sets requirements for radio equipment placed on the EU market.

The EU product compliance framework also includes the Market Surveillance Regulation ((EU) 2019/1020), which strengthens the enforcement powers of national authorities and requires that certain products subject to EU harmonisation legislation may only be placed on the EU market if there is an economic operator established within the EU responsible for specified compliance tasks, such as the manufacturer, importer, authorised representative or fulfilment service provider.

Manufacturers, importers and distributors must ensure that products placed on the EU market comply with applicable regulatory requirements and must maintain the necessary technical documentation and declarations of conformity demonstrating such compliance.

Obligations of Importers and Distributors

Where electrical products are manufactured outside the EU and imported into the Netherlands, the importer assumes certain compliance obligations under EU product legislation.

Importers must generally verify that the manufacturer has carried out the required conformity assessment procedures and that the products comply with applicable EU legislation. Importers must also ensure that the products bear the CE marking and are accompanied by the required documentation and safety instructions.

Distributors are required to exercise due care to ensure that the products they make available on the market comply with applicable regulatory requirements. If a distributor has reason to believe that a product does not comply with applicable requirements or presents a risk, it must refrain from placing the product on the market until compliance has been ensured and must cooperate with competent authorities where necessary.

Where products are offered or distributed via online channels or online marketplaces, additional obligations may apply under the General Product Safety Regulation, including requirements relating to the visibility of product information and the identification of the responsible economic operator.

Environmental and Recycling Regulations

Solar inverters generally fall within the scope of the Waste Electrical and Electronic Equipment Directive (WEEE Directive, Directive 2012/19/EU), which regulates the collection, treatment, recycling and environmentally sound disposal of electrical and electronic waste.

Under the WEEE Directive and its implementation in Dutch legislation, companies placing electrical and electronic equipment for the first time on the Dutch market may be regarded as producers and may be required to register with the relevant national register, report the quantities of equipment placed on the market and contribute to the financing of waste collection and recycling systems.

Solar inverters are also subject to the RoHS Directive, which restricts the use of certain hazardous substances in electrical and electronic equipment, as further described in the section on CE marking above.

Companies placing packaged products on the Dutch market may also be subject to extended producer responsibility obligations relating to packaging waste. In this context, the EU Packaging and Packaging Waste Regulation (PPWR, (EU) 2025/40), which entered into force in February 2025 and progressively replaces the former Packaging Directive (94/62/EC), is of particular relevance. The PPWR introduces stricter requirements relating to reusability, recyclability and the minimum use of packaging materials.

Where solar inverter systems contain batteries or energy storage components, such products may additionally fall within the scope of the EU Battery Regulation ((EU) 2023/1542), which establishes rules on the sustainability, safety, labelling and lifecycle management of batteries placed on the EU market. The Battery Regulation is being phased in progressively; certain requirements — including battery passport obligations and supply chain due diligence requirements — are not yet fully applicable and will come into force over the coming years.

Cybersecurity and Digital Product Requirements

Where solar inverter products contain digital elements, such as network connectivity or remote monitoring functionality, they may be subject to the Cyber Resilience Act ((EU) 2024/2847), which entered into force in December 2024 and introduces cybersecurity requirements for products with digital elements placed on the EU market.

The Cyber Resilience Act establishes obligations relating to secure product design, vulnerability management and security support throughout the product lifecycle. Certain requirements under the Regulation will apply progressively in the coming years.

Electricity Grid Connection Requirements

Solar inverters used in photovoltaic systems connected to the electricity grid must comply with certain technical standards established under EU electricity network regulations, including the Requirements for Generators Regulation ((EU) 2016/631), which sets technical requirements for electricity generation installations connected to transmission and distribution networks.

These requirements are implemented in the Netherlands through national grid codes and technical connection conditions applied by electricity grid operators, including the connection conditions published by Netbeheer Nederland and applicable technical standards such as EN 50549 governing the connection of generating installations to distribution networks.

Product Liability

Under the Product Liability Directive (85/374/EEC), as implemented in the Dutch Civil Code (Article 6: 185 et seq. BW), producers may be held strictly liable for damage caused by defective products.

Where the manufacturer of a product is established outside the European Economic Area, the importer placing the product on the EU market may be regarded as the producer and may therefore be liable for damage caused by defects in the product. Claims based on product liability become time-barred three years after the date on which the injured party became aware of the damage, the defect and the identity of the producer, and lapse in any event ten years after the date on which the producer placed the product on the market.

In addition to the product liability regime under the Directive, the Dutch Civil Code also provides for strict liability for the possessor of a defective movable item under Article 6: 173 BW, which may apply in certain circumstances alongside or in addition to the statutory product liability regime.

The EU has also adopted a revised Product Liability Directive (Directive (EU) 2024/2853), which entered into force on 9 December 2024. Member States have until 9 December 2026 to implement the Directive into national law. The revised Directive expands liability rules for products incorporating digital elements and introduces a relaxed burden of proof for injured parties. Upon implementation, it will replace the existing Product Liability Directive.

Data Protection

Where the Company provides digital monitoring platforms, applications or other services that involve the processing of personal data in connection with its products, it must comply with the General Data Protection Regulation (GDPR, (EU) 2016/679) and the Dutch Implementation Act on the General Data Protection Regulation (*Uitvoeringswet Algemene verordening gegevensbescherming*, UAVG).

The GDPR regulates the collection, use and transfer of personal data within the EU and imposes obligations relating to transparency, lawful processing, security measures and cross-border data transfers. Compliance with the GDPR and UAVG is supervised in the Netherlands by the Dutch Data Protection Authority (*Autoriteit Persoonsgegevens*, AP).

Where the Company offers digital services that may be classified as part of critical or important infrastructure, the NIS2 Directive (2022/2555/EU) may also be relevant, imposing cybersecurity obligations on providers of essential and important services. The NIS2 Directive is being implemented in the Netherlands through the Cybersecurity Act (*Cyberbeveiligingswet*), the entry into force of which is expected in the near term.

Regulatory Authorities

Compliance with the regulatory frameworks described above is supervised in the Netherlands by several competent authorities, including:

- the National Inspectorate for Digital Infrastructure (*Rijksinspectie Digitale Infrastructuur*, RDI), which supervises certain product safety and radio equipment requirements;
- the Netherlands Food and Consumer Product Safety Authority (*Nederlandse Voedsel- en Warenautoriteit*, NVWA), which oversees general product safety;
- the Human Environment and Transport Inspectorate (*Inspectie Leefomgeving en Transport*, ILT), which supervises environmental and waste management regulations;
- the Dutch Data Protection Authority (*Autoriteit Persoonsgegevens*, AP), which supervises compliance with data protection laws; and
- the Authority for Consumers and Markets (*Autoriteit Consument & Markt*, ACM), which supervises, amongst other things, energy market regulations and consumer law aspects that may be relevant in the context of the Company's activities.

These authorities may conduct inspections, product testing and investigations and may impose administrative measures or sanctions in the event of non-compliance with applicable laws and regulations.

GERMANY

Regulations on Employment

When hiring employees in Germany and also during the employment, employers must observe certain prerequisites of the German Equal Treatment Act. This means that treating candidates and employees needs to be done with no discrimination based on race, ethnic origin, sex, religion or belief, disability, age, or sexual identity.

According to the German Employment Documentation Act, employers must set out the essential working conditions of the employment relationship in writing or text form, such as emails, and hand them over to the employees. Among others, these are name and address of the contracting parties, place of work, job description, remuneration elements, and working time. Typically, these items are covered in a written employment contract. Employees are entitled to be paid at least the national minimum wage. The national minimum wage is EUR13.90 per hour (gross) as of January 1, 2026. Employees are entitled to 20 working days of paid statutory holiday per year based on a five-day working week, although employers typically grant 25 to 28 days.

The statutory maximum working time is eight hours per day, Monday to Saturday, although the usual work week is Monday through Friday. Working on Sundays and public holidays is generally forbidden, unless explicitly permitted by law or with the prior approval of an authority. In the event of inability to work due to sickness, pursuant to the German Continued Remuneration Act, employees are entitled to continued remuneration for a period of six weeks, paid by the employer.

Additional regulations such as on pregnant or disabled employees and parental leave may also apply to the employment relationship.

Under German labor law, there are two types of dismissals by the employer: dismissal with regular notice period and dismissal for good cause with immediate effect. Alternatively, the parties can terminate the employment contract by mutual consent.

- A termination with regular notice is valid if (i) the applicable notice period between four weeks and seven months, to the end of any calendar month, depending on the employment contract and the length of service, is observed, and (ii) the dismissal is socially justified, including (1) person-related reasons, such as long-term illness, (2) conduct-related reasons, such as repeated misconduct following a prior formal warning, or (3) operational reasons, such as lay-off or closure of business. This protection against dismissals applies if the employee has more than six months' service and works in a facility with more than ten employees.
- In case of severe breaches of employment obligations, employment can be terminated for cause with immediate effect by either party without observing a notice period. Examples of such valid reasons for immediate termination include criminal offenses against the employer or other employees, competing activities. The employer must provide notice within two weeks after becoming aware of the relevant circumstances. If beyond this timeframe, the dismissal is invalid.

In addition, there is special protection against dismissals for certain groups of employees. Pregnant employees, employees on parental leave, and severely handicapped employees can only be dismissed with the prior consent of governmental authority.

A termination must be in writing and signed with a wet-ink signature by a duly authorized representative of the employer, such as a managing director with sole power of representation or two managing directors.

In Germany, employers are generally not required to offer severance pay to employees who are terminated. However, in an effort to avoid or end litigation, employers often offer severance pay to terminated employees. This severance is freely negotiated and will often amount to half to one month's salary per year of service. However, the amount can vary significantly depending on the parties' respective prospects of success in the litigation.

Corporate Law

The limited liability company, or the GmbH, is the most common legal form for German companies. A GmbH can have one or more shareholders. The liability of the shareholders is limited to their capital contribution, and they are generally not personally liable for the company's liabilities unless fraud is involved or the requirements for piercing the corporate veil are met.

Amendments to the articles of association only become effective when entered in the commercial register. The articles of association may be amended by a shareholders' resolution passed by at least 75% of the votes cast.

According to the German laws, shares in a GmbH are generally freely transferable and inheritable. However, the articles of association may provide for restrictions, such as approval requirements. Shares may, in certain circumstances, be acquired in good faith from persons entered in the shareholders' list, subject to applicable rules. Shares are not certified by share certificates.

A GmbH must have at least one managing director and a shareholders' meeting. In addition, a supervisory board or advisory board may be established voluntarily. The management runs the day-to-day business of the company and has a broad power of representation. The shareholders' meeting is the highest corporate body and can restrict the internal management power, although not against third parties. For example, the shareholders' meeting may adopt a list of actions that require its prior approval.

Managing directors are appointed by the shareholders' meeting, unless that right is delegated to a supervisory board.

German law distinguishes between a managing director's corporate office and the contractual basis for their engagement (including remuneration and working hours). The company and the managing director typically enter into a service agreement. In general, invalidity of one does not affect the other, unless otherwise agreed.

The managing directors' power of representation is generally unrestricted and may only be limited by requiring joint representation (rather than sole representation). However, the shareholders' meeting may adopt rules of procedure that apply only internally. Such rules often set out matters requiring prior approval of the shareholders' meeting or, where applicable, the supervisory board. In addition, the managing directors must follow the instructions of the shareholders' meeting and conduct the company's business in accordance with its resolutions.

Civil Code and Commercial Law

German civil law is primarily governed by two central pieces of legislation: the German Civil Code and the German Commercial Code. The German Civil Code applies to all types of transactions, including sales agreements pursuant to Section 433 of the German Civil Code and rental agreements pursuant to Section 535 of the German Civil Code. The German Commercial Code, by contrast, applies exclusively to business-to-business transactions.

In cross-border transactions, the parties are generally free to agree on the governing law. In the absence of such agreement, the agreement is governed by the law of the jurisdiction where the service is rendered or the goods are delivered.

The use of standard terms and conditions is subject to significant limitations under German law. Provisions that deviate from fundamental legal principles are null and void. In addition, "surprising" clauses, such as obligations unrelated to the subject matter of the agreement, are invalid.

The statutory warranty period for sales agreements is two years. This period may be varied if individually negotiated or, in business-to-business transactions, to a limited extent through standard terms and conditions. However, where the goods are intended for resale to consumers, the warranty period for each party in the distribution chain begins upon delivery to the end consumer, and any shortening of the warranty period is not permitted. A reduction of the warranty period remains possible with respect to components that are intended for integration into other products.