The laws and regulations in mainland China that have a significant impact on our business operations are set out below:

RECENT GOVERNMENTAL POLICIES ON SUPPORTING AND PROMOTING SMART SENSOR SYSTEM DEVELOPMENT IN CHINA

On February 10, 2020, the NDRC and other ten PRC governmental authorities jointly promulgated the Smart Car Innovation Development Strategy (《智能汽車創新發展戰略》), which provides that the PRC government shall promote the development and industrialization of automotive high-precision sensors, automotive-grade chips, smart operating systems, automotive smart terminals, and smart computing platforms, and build an industry cluster for smart automotive key parts.

On October 20, 2020, the General Office of the State Council released the Notice of the General Office of the State Council on Printing and Distributing the Development Plan for New Energy Automobile Industry (2021 — 2035) (《新能源汽車產業發展規劃(2021—2035年)》), which encourages the enterprises to implement innovation projects for intelligent connected technologies. The PRC government should, by taking new energy automobiles as the carrier for the pioneering application of intelligent connected technologies, support enterprises in the cross-border collaboration, research and development in key technologies such as complex environment fusion perception, intelligent connected decision-making and control, and information physical system architecture design, to make breakthroughs in core technologies and products such as in-vehicle intelligent computing platforms, high-precision maps and positioning, wireless communication of vehicle to everything (V2X), and drive-by-wire execution systems.

On July 18, 2023, the MIIT and the National Standardisation Administration (中華人民共和國國家標準化管理委員會) jointly issued the Guidelines for the Construction of the National Connected Vehicle Industry Standard System (Intelligent Connected Vehicles) (2023 Version) (《國家車聯網產業標準體系建設指南(智能網聯汽車)(2023版)》), which mainly focus on the general specifications, core technologies and key product applications of intelligent connected vehicles, aiming to build a standard system for intelligent connected vehicles, including the basis, technologies, products, test standards, etc.

On November 17, 2023, the MIIT, the Ministry of Public Security of the PRC (中華人民共和國公安部), the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部) and the Ministry of Transport (交通運輸部) jointly issued the Notice of Carrying Out the Pilot Programme for the Market Access and Road Traffic of Intelligent Connected Vehicles (《關於開展智能網聯汽車准入和上路通行試點工作的通知》), which proposes that, based on the previous road test and demonstration application of intelligent connected vehicles, the PRC government will select intelligent connected vehicles equipped with automatic driving functions that have the conditions for mass production, and will launch a pilot scheme, where the chosen intelligent connected vehicles would be allowed to carry out road access pilots in a limited area.

The Catalogue for Guiding Industry Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》), which was promulgated by the NDRC on December 27, 2023 and became effective on February 1, 2024, encourages the development of key components and technologies of intelligent vehicles such as high-precision sensors for autonomous driving, in-vehicle high-computing-power AI chips, visual recognition and display system and high-precision positioning devices, etc.

LAWS AND REGULATIONS ON CORPORATION

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was promulgated by the SCNPC on December 29, 1993 and implemented on July 1, 1994, and was last amended on December 29, 2023 and came into effect on July 1, 2024. Under the Company Law, companies are generally classified into two categories, namely, limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a joint stock limited company is limited to the extent of shares they have subscribed for. The Company Law also applies to foreign-invested enterprises. Where laws on foreign investment have other stipulations, such stipulations shall prevail.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT

The incorporation, operation and management of Chinese companies are mainly governed by the Company Law, which is applicable to both PRC domestic companies and foreign-invested companies. Investment activities of foreign investors in China are also governed by the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL 2019**") effective from January 1, 2020, together with the Implementing Regulation for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》)(the "**Implementation Regulations**") promulgated by the State Council on December 26, 2019 and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law of the PRC (《最高人民法院關於適用〈中華人民共和國外商投資法〉若干問題的解釋》) promulgated by the Supreme People's Court on December 26, 2019.

The FIL 2019 and the Implementation Regulations provide that the administration system of pre-entry national treatment plus negative list is adopted for foreign investment, according to which, "pre-entry national treatment" refers to the treatment granted to foreign investors and their investments at the stage of investment entry which is no less favourable than that granted to domestic investors and their investments, except for foreign investments in "restricted" or "prohibited" investment sectors or industries, and the "negative list" refers to the special administrative measures on foreign investment entry for foreign investment in the aforesaid "restricted" or "prohibited" investment sectors or industries, which are proposed by the PRC. Foreign investments outside the negative list are entitled to national treatment. Foreign investors are not allowed to make investments in the fields prohibited by the negative list, and in the fields restricted by the negative list, foreign investors shall comply with the special provisions on equity requirements, senior management personnel requirements, etc. At the same time, the relevant authorities, based on the needs of the national economy and social development, provide the catalogue of encouraged industries for foreign investment, specifying the special industries, fields and regions to encourage and guide foreign investors' investments.

Currently, the industry entry licensing requirements governing foreign investors' investment activities in China are set out in two catalogues, i.e., the Special Administrative Measures for Entry of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), as promulgated by the NDRC and the MOFCOM on September 6, 2024, effective as of November 1, 2024, and the Catalogue of Encouraged Industries for Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》), as promulgated by the NDRC and the MOFCOM on December 15, 2025, effective as of February 1, 2026. Industries not listed in the two catalogues are generally deemed as "permitted" for foreign investments, unless otherwise specifically restricted by PRC laws. While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of the MOFCOM.

The Group is an international provider of sensors, actuators and related smart modules, with over two decades of operational experience and integrated research, development, production, and sales capabilities. The Group does not engage in any business that is prohibited or restricted under the FIL 2019 and the Implementation Regulations or the Negative List. As a result, the FIL 2019 and the Implementation Regulations and the Negative List have no material impact on the Group.

The foreign investment information reporting is subject to the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) jointly promulgated by the MOFCOM and the SAMR, effective January 1, 2020. According to the Measures on Reporting of Foreign Investment Information, foreign investors who directly or indirectly carry out investment activities in China shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting methods include initial reports, change reports, cancellation reports, and annual reports.

LAWS AND REGULATIONS ON OVERSEAS INVESTMENT

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries or regions, or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise, or the Investor, making an outbound investment shall obtain approval, conduct record-filing or other procedures applicable to outbound investment projects, or the Projects, report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive Projects directly carried out by Investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing. The aforementioned "sensitive project" means a project involving a sensitive country or region or a sensitive industry. The NDRC shall promulgate the catalogue of sensitive industries. The currently effective sensitive industry catalogue is the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

Pursuant to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and amended on August 5, 2008, the RMB is generally freely convertible for current account items, including trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE or its designated banks is obtained.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated on June 9, 2016 and amended on December 4, 2023 by the SAFE, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign exchange capital, foreign debts, and funds raised through overseas listing) may convert from foreign currency into RMB on a self-discretionary basis. The proportion of discretionary settlement of domestic entities' foreign exchange receipts under the capital account is temporarily determined as 100%, and the SAFE may adjust the above ratio in due time according to the balance of payment status.

Pursuant to the Notice on Further Promoting Cross-border Trade and Investment Facilitation (《關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019 by the SAFE, together with the Notice of the State Administration of Foreign Exchange on Further Deepening the Reform and Promoting Cross-border Trade and Investment Facilitation (《關於進一步深化改革促進跨境貿易投資便利化的通知》) which was promulgated by the SAFE on December 4, 2023, non-investment foreign-invested enterprises are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to the law on the condition that the current Negative List are not violated and the relevant domestic investment projects are genuine and in compliance with laws. Foreign exchange funds raised in the overseas listing of a domestic company may be directly remitted to the settlement account under the capital account item.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS

Regulations Relating to Product Quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**"), which was promulgated by the SCNPC on February 22, 1993 and implemented on September 1, 1993, and last revised on December 29, 2018, the engagement in product manufacturing and sales activities within the territory of mainland China shall comply with the Product Quality Law. Producers shall be responsible for the quality of the products they produce and sell. Quality of products shall meet the following requirements: (i) the products shall be free from any unreasonable threats to personal safety or safety of property, and shall conform to national standards or trade standards for ensuring human health and personal or property safety if there are such standards; (ii) the products shall have the functions they are supposed to have, except where there are explanations about the functional defects; and (iii) the products shall meet the standards specified on the products or packages thereof and the quality condition specified by way of product instructions or samples. In case of violation of the Product Quality Law, the market regulatory authorities have the right to order producers and sellers to stop production and sales, confiscate the products which are illegally produced or sold and impose fines.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) (the "**Civil Code**"), which was promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, in the event of damages caused to other party due to the defects in a product, the infringed party may seek compensation from the manufacturer or the seller of such product and shall have the right to request the manufacturer and the seller to bear tortious liabilities, such as cessation of infringement, removal of obstruction, and elimination of danger.

Regulations Relating to Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated on June 29, 2002, last amended on June 10, 2021 and effective on September 1, 2021, a system of accountability for production safety accidents has been implemented. Production and business entities must strengthen work safety management, improve work safety conditions, strengthen standardisation and informatization of work safety, and raise work safety levels. Production and business entities shall meet the work safety conditions prescribed by such law and other relevant laws, administrative regulations, and national or industry standards.

Energy Conservation Review

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was last amended by the SCNPC on October 26, 2018 and came into effect on the same day, an energy conservation assessment and audit system for fixed asset investment projects has been implemented. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence construction; where the construction is completed, the project shall not be put into production or use. For government investment projects which do not meet the compulsory energy conservation standards, the agency in charge of examination and approval pursuant to the law shall not grant approval for construction.

LAWS AND REGULATIONS ON IMPORT AND EXPORT TRADE

Pursuant to the Administration of Filing of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC (the "**GACC**") on November 19, 2021, and effective as of January 1, 2022, customs declaration entities refer to the consignees or consignors of imports and exports and customs declaration enterprises which have filed with the Customs pursuant to these provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification; in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade operators.

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994 and last amended on December 27, 2025, starting from December 30, 2022, foreign trade operators are not required to register for record-filing. The Chinese government permits the free import and export of goods and technologies, except as otherwise provided by laws and administrative regulations.

Pursuant to the Regulations on the Administration of Import and Export of Goods of the PRC (《中華人民共和國貨物進出口管理條例》), promulgated by the State Council on December 10, 2001, and last amended on March 10, 2024, which took effect on May 1, 2024, trade activities that import goods into or export goods from China's customs territory shall comply with the Regulations on the Administration of Import and Export of Goods of the PRC. Goods that are prohibited from import and export shall not be imported or exported; goods that are restricted from import and export shall be subject to licensing or quota management; and goods that are freely imported and exported shall not be restricted.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

The PRC laws and regulations relating to environmental protection mainly include: the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), amended by the SCNPC on April 24, 2014 and implemented on January 1, 2015, the Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), amended by the SCNPC on June 27, 2017 and implemented on January 1, 2018, the Law on Prevention and Control of Air Pollution of the PRC (《中華人民共和國大氣污染防治法》), which was amended and implemented by the SCNPC on October 26, 2018, the Law on Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》), as amended by the SCNPC on April 29, 2020 and implemented on September 1, 2020, the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法》), as amended and implemented by the SCNPC on October 28, 2025, the Regulations for the Implementation of the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法實施條例》), as amended by the State Council on December 25, 2017 and implemented on January 1, 2018, the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》), as promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, and the Law on Prevention and Control of Noise Pollution of the PRC (《中華人民共和國噪聲污染防治法》), promulgated by the SCNPC on December 24, 2021 and effective on June 5, 2022. Pursuant to the above laws and regulations, enterprises that discharge and dispose of toxic and hazardous substances such as wastewater, waste gas, and solid waste must meet national and local standards for use, declare and register with the relevant environmental protection administrative department, and pay environmental protection taxes and fees in accordance with applicable laws.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002, and last amended on December 29, 2018, the construction entity shall prepare an environmental impact report, report form or fill in an environmental impact registration form according to the degree of impact of the construction project on the environment: (i) if the construction project is likely to cause significant environmental impact, an environmental impact report shall be prepared to comprehensively evaluate the environmental impact; (ii) if the construction project is likely to cause minor environmental impact, an environmental impact report form should be prepared to analyse or specifically evaluate the environmental impact; (iii) if the environmental impact is small and no environmental assessment is required, an environmental impact registration form shall be submitted.

Pursuant to the Administrative Measures on Licensing of Urban Sewage Discharging into Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on January 22, 2015 and latest amended on December 1, 2022 enterprises, institutions and individual businesses engaging in industrial, construction, catering, medical and other activities and discharging sewage into urban facilities must apply for and obtain a licence for urban drainage.

LAWS AND REGULATIONS ON LABOUR AND SOCIAL SECURITY

Labour Law and Labour Contract Law

Pursuant to the Labour Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and last revised on December 29, 2018, and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007 and revised on December 28, 2012 written labour contracts shall be executed between an entity and its employees if an employment relationship is established. Employers are required to inform their employees about their job responsibilities, working conditions, occupational hazards, remuneration and other matters with which the employees may be concerned. Employers shall pay remuneration to employees on time and in full in accordance with the commitments set forth in their employment contracts and the relevant PRC laws and regulations.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and last revised on December 29, 2018, the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was implemented on January 22, 1999 and revised on March 24, 2019, the Trial Measures for Enterprise Staff Maternity Insurance (《企業職工生育保險試行辦法》), which was implemented on January 1, 1995, and the Regulations on Work-Related Injury Insurance (《工傷保險條例》), which was implemented on January 1, 2004 and amended on December 20, 2010, employers in mainland China shall provide their employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and occupational injury insurance. Employers failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a prescribed period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the prescribed period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

Pursuant to the Regulations on Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and last revised on March 24, 2019, employers must contribute to housing provident funds for their employees. If employers fail to pay the housing provident fund within the time limit or have a shortfall in payment, they will be ordered by the housing provident management centre to pay or make up the deficiency within the prescribed period. If they still fail to do so after the prescribed period, the housing provident fund management centre is entitled to apply for compulsory enforcement with the people's court.

On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labour 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)》), (the "**New Judicial Interpretation**"), 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 to be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labour contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labour Contract Law, the People's Court shall support such claims in accordance with the law.

LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), promulgated by the SCNPC on March 16, 2007 and last revised on December 29, 2018, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country or region but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. Key high-tech enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Value-Added Tax

According to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which was promulgated on December 25, 2024, entities and individuals that sell goods, services, intangible assets or immovables within the PRC, or import goods to the PRC are subject to the payment of value-added tax. Starting from 1 April 2019, the generally applicable value-added tax rates are 13%, 9%, 6%, and 0%.

LAWS AND REGULATIONS ON REAL ESTATE

Real Estate

Pursuant to the Civil Code, the establishment, modification, assignment and extinguishment of real estate property rights are effective upon registration in accordance with the law; unless the law stipulates otherwise, such establishment, modification, assignment and extinguishment shall be ineffective without registration. Real estate registration shall be handled by the registration authority at the location of the property.

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 and last amended on March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and last amended by the Ministry of Natural Resources of the PRC on May 9, 2024, provide that, among other things, the State implements a uniform real estate registration system and real estate registration shall follow the principles of strict administration, stability, continuity, and convenience for the masses.

Leasing

Pursuant to the Civil Code, subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor.

According to the Administrative Measures on Leasing of Commodity Housing (《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 lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Fire Protection

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021 and effective on the same day, the Department of Emergency Management under the State Council and the local people's governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people's governments shall be responsible for implementation. The fire protection design of construction projects shall comply with the national technical standards of fire protection. Construction projects that shall undergo fire safety protection review shall not be constructed without legally required review or if the review is not passed. If a completed construction project has not undergone fire protection inspection or fails to meet the fire protection requirements upon inspection, it shall not be put into use or operation.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984 and last revised on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on June 15, 2001 and last amended on December 11, 2023, with the latest amendment being effective on January 20, 2024, patents in mainland China are divided into invention patent, utility patent and design patent. Invention patent shall be valid for 20 years from the date of application, while utility patent shall be valid for 10 years and design patent shall be valid for 15 years from the date of application respectively. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorised by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the SCNPC on August 23, 1982 and last revised on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on August 3, 2002 and amended on April 29, 2014 and came into effect on May 1, 2014, a trademark registered by the Trademark Office is a registered trademark, including the commodity trademark, service trademark, collective trademark and certification trademark. The valid period of a registered trademark shall be 10 years, commencing from the date of approval of the registration. The trademark registrant shall apply for renewal within 12 months before the expiry date for further use of the registered trademark. The valid period for each renewal of registration is 10 years, counted from the next day of the expiration day of the last term.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990 and last revised on November 11, 2020 and came into effect on June 1, 2021, Chinese citizens, legal persons or other organisations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

Pursuant to 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 February 20, 2002 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright

Administration is mainly responsible for the registration and management of software copyright in mainland China and recognises the China Copyright Protection Centre as the software registration organisation. The China Copyright Protection Centre 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

Pursuant to the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law of the PRC (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the mainland China securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**", together with several supporting guidelines collectively referred to as the "**Overseas Listing Regulations**"). Under Overseas Listing Regulations, mainland China domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfil their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》). Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of mainland China by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of mainland China. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS IN MALAYSIA

Manufacturing Licences

The Industrial Co-ordination Act 1975 ("**ICA 1975**") is an Act enacted for the co-ordination and orderly development of manufacturing activities in Malaysia. Pursuant to the ICA 1975 and the Industrial Co-ordination (Exemption) Order 1976, any person who engages in a manufacturing activity with shareholders' funds of RM2,500,000.00 and above, and/or employing 75 or more full-time paid employees, is required to obtain a manufacturing licence issued by Ministry of International Trade and Industry, now known as the Ministry of Investment, Trade and Industry (MITI) through the Malaysian Investment Development Authority (MIDA). The ICA 1975 requires licensed manufacturers to comply with approved manufacturing capacities, zoning requirements, equity conditions (where applicable), and all safety and environmental obligations imposed by federal and local authorities.

Any person who carries out a manufacturing activity without the requisite licence commits an offence and is liable upon conviction to a fine not exceeding RM2,000.00 or imprisonment for a term not exceeding six months, and to a further fine not exceeding RM1,000.00 for every day during which the offence continues.

Environmental and Scheduled Waste Management

The Environmental Quality Act 1974 forms the principal legislation governing pollution control. Manufacturers generating scheduled waste are required to notify the Department of Environment, store and label scheduled waste in accordance with regulatory requirements, engage licensed transporters and treatment facilities, and comply with the 180-day or 20-tonne storage limit. Scheduled waste movements must be recorded in eSWIS. Non-compliance, including improper storage or illegal disposal, may result in prosecution, with penalties of fines or imprisonment.

Business Premise Licences

The Local Government Act 1976, Street, Drainage and Building Act 1974 ("**SDBA 1974**"), together with and the Fire Services Act 1988, forms the core statutory framework governing building safety, structural compliance and occupancy suitability in Malaysia.

The Local Government Act 1976 empowers local authorities to regulate trades, businesses and industrial activities within their jurisdictions. Manufacturing operations located at Serdang within part of Subang Jaya fall under the regulatory authority of the Majlis Bandaraya Subang Jaya ("**MBSJ**"). Operating without the required licences or approvals is an offence punishable with a fine not exceeding RM2,000 or imprisonment for up to one year, or both. MBSJ may also issue stop-work orders, revoke licences, seal premises or impose daily fines.

The Street, Drainage and Building Act 1974 (SDBA 1974) governs building construction, structural safety and occupancy suitability. Building plans must be approved before construction in accordance with the Uniform Building By-Laws. Industrial premises must ensure compliance with requirements relating to structural integrity, fire resistance, ventilation, sanitation, drainage and escape routes. Upon completion, a Certificate of Completion and Compliance (CCC) must be issued by the Principal Submitting Person. Occupation or use of a building without a CCC, or construction without approved plans, constitutes an offence. Penalties include fines, imprisonment, daily fines and orders for rectification or cessation of operations.

The Fire Services Act 1988 requires designated industrial premises to obtain and maintain a Fire Certificate issued by the Fire and Rescue Department of Malaysia. Compliance includes the installation, maintenance and periodic inspection of fire-fighting systems such as hydrants, hose reels, portable extinguishers, alarm and detection systems, and emergency exits. Failure to comply, or failure to observe improvement or prohibition notices, constitutes an offence punishable by fines or imprisonment. The Department may prohibit use of premises until compliance is achieved.

Factory and Machinery

The Factories and Machinery Act 1967 ("**FMA 1967**") regulates the control and management of factories and industrial machinery for the safety, health and welfare of persons working therein.

The FMA 1967 imposes obligations on employers to take precautions against fire, ensure proper maintenance of machinery, provide adequate ventilation and lighting, and report accidents and dangerous occurrences to the Inspector of Factories and Machinery. Certificates of Fitness are required for designated categories of machinery. Failure to comply with the requirements of the Act may result in enforcement action, including prosecution. Under the Factories and Machinery Act 1967, offences such as operating unregistered machinery, failing to obtain a Certificate of Fitness, or breaching safety requirements may, upon conviction, result in a fine of up to RM50,000 or imprisonment for a term not exceeding two years, or both. The court may additionally impose daily fines for continuing offences and may order the cessation of operations until full compliance is achieved.

Occupational Safety and Health

The Occupational Safety and Health Act 1994 ("**OSHA 1994**") serves as Malaysia's primary workplace safety statute. The Act requires employers to provide safe systems of work, adequate training, personal protective equipment, hazard-control mechanisms, and written Safety and Health Policies.

Failure to comply with OSHA 1994 is an offence under Section 19. Upon conviction, an employer may be liable to a fine not exceeding RM50,000 or imprisonment for a term not exceeding two years, or both. Where the breach results in severe injury or death, enforcement agencies may pursue more serious charges under other regulations, and may issue prohibition or improvement notices requiring immediate cessation of unsafe operations.

Employment Standards and Statutory Contributions

Employment in Malaysia is regulated primarily by the Employment Act 1955, which stipulates minimum conditions on wages, hours of work, leave entitlements, rest days, public holidays and termination benefits. The Industrial Relations Act 1967 governs the settlement of industrial disputes and unfair dismissal claims.

Employers are required to register employees and remit statutory contributions to SOCSO, EPF and EIS in accordance with the Employees' Social Security Act 1969, Employees Provident Fund Act 1991 and Employment Insurance System Act 2017. Monthly tax deductions must be made and remitted under the Income Tax Act 1967 and the Income Tax (Deduction from Remuneration) Rules 1994. Non-compliance may result in penalties, prosecution, interest charges and personal liability for company officers.

Customs Act 1967 — Import and Export Control

The **Customs Act 1967** is Malaysia's principal legislation governing the importation, exportation, movement, storage and clearance of goods. Its objective is to facilitate legitimate trade, ensure the proper collection of customs duties and taxes, prevent smuggling, and safeguard the country from the entry of prohibited or restricted goods.

Manufacturers must comply with customs declaration procedures, including proper classification of goods under the Customs Duties Order, accurate valuation in accordance with the Customs Valuation Agreement, and adherence to the Customs (Prohibition of Imports and Exports) Orders. Any misdeclaration — whether relating to value, tariff code, origin or description — constitutes an offence. Under Section 133(1), making a false declaration is punishable by a fine not exceeding RM500,000 or imprisonment for a term not exceeding five years, or both. More serious smuggling-related offences under Section 135 carry fines ranging from ten to twenty times the value of the goods, or imprisonment for up to seven years.

The Licensed Manufacturing Warehouse (LMW) scheme, established under Section 65A of the Act, permits certain export-oriented manufacturers to suspend import duties and sales tax on materials brought into the bonded warehouse. The objective of the LMW scheme is to promote Malaysia's export competitiveness by reducing cash-flow burdens and facilitating efficient supply-chain operations. LMW operators must maintain detailed stock records, secure bonded facilities and comply with stringent monthly reporting requirements. Non-compliance may result in the revocation of LMW status, imposition of back-duties, seizure of goods and prosecution.

Sales Tax Act 2018 — Sales Tax Compliance — Sales Tax Compliance — Sales Tax Compliance

The Sales Tax Act 2018 establishes a single-stage sales tax applicable to taxable goods manufactured in or imported into Malaysia. The objective of the Act is to facilitate transparent revenue collection while ensuring fairness and efficiency within the manufacturing sector. Manufacturers of taxable goods such as water meters, refrigerator control panels and ultrasonic sensors are required to register as Registered Manufacturers, levy sales tax at 5% or 10%, submit regular SST-02 returns and maintain proper production records. The Act contains detailed statutory offences relating to non-compliance, each carrying significant penalties, including fine and imprisonment.

Foreign Exchange Administration Requirements

Foreign Exchange Policy (FEP) Notices

The Foreign Exchange Policy Notices issued by Bank Negara Malaysia under the Financial Services Act 2013 regulate dealings in foreign currency, cross-border payments, external borrowings and the operation of foreign currency accounts. Export proceeds must be repatriated within the prescribed timeframe and may be credited into a Trade Foreign Currency Account. Payments in foreign currency for permitted purposes such as imports, royalties or technical services may be made in accordance with the Notices.

Resident entities may borrow foreign currency within prescribed limits from licensed onshore banks, non-residents or group entities. Transactions outside the scope of permitted activities require prior approval. Breaches of the Notices may result in administrative or enforcement actions.

Repatriation of Profits

Non-residents are permitted to repatriate dividends, profits and other income derived from Malaysia without BNM approval, provided such remittances comply with applicable documentation and FEP requirements.

Water Services Industry Act 2006 — Water Meter Type Approval (SPAN)

As a manufacturer of water meters, the Group must obtain Type Approval from the National Water Services Commission ("**SPAN**") under the WSIA and Water Meters Regulations 2016. Meters must meet MS ISO 4064 performance, accuracy, flow and durability requirements. Supplying unapproved water meters is an offence punishable by fines up to RM100,000 or imprisonment. Compliance is essential for legality of sales and access to state water operators.

Electrical Safety (Energy Commission) & Communications Approval (MCMC/SIRIM)

Refrigerator control panels and sensor modules must comply with the Electricity Supply Act 1990 and IEC safety standards. Products with wireless capability require Type Approval under the Communications and Multimedia Act 1998 and SIRIM certification. Supplying unsafe or unapproved electrical equipment is an offence punishable with fines up to RM50,000 or imprisonment. Compliance ensures safe circulation of the Group's electronic products.

Strategic Trade Act 2010 — Export Controls

Certain ultrasonic sensors, microcontrollers and electronic modules may fall under dual-use categories regulated by the Strategic Trade Act 2010 ("**STA 2010**"). Exporting controlled items without permits is punishable by fines up to RM10 million or imprisonment up to five years. Compliance enables the Group to export globally without regulatory interruption.

LAWS AND REGULATIONS IN RELATION TO REVIEW OF OUTBOUND INVESTMENT BY U.S. PERSONS

On August 9, 2023, the U.S. President issued Executive Order No. 14105, directing the Secretary of Treasury to establish a program to prohibit or require notification of certain types of outbound investments by U.S. persons into certain entities located in or subject to the jurisdiction of countries of concern (currently means China, including Hong Kong and Macau) that are engaged in activities in certain sectors (currently include semiconductors and microelectronics, quantum information technologies and artificial intelligence). On January 2, 2025, the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern became effective (the "**Outbound Investment Rules**").