THE PRC LAWS, REGULATIONS AND POLICIES

We are subject to various Chinese laws, rules and regulations that affect many aspects of our business. This section provides an overview of the main Chinese laws, regulations and important policies that we consider to be relevant to our business and operations.

MAJOR REGULATORS AND POLICIES RELATING TO THE AUTOMOTIVE LAMP MANUFACTURING INDUSTRY

Our implementation of business activities within the industry is mainly supervised and managed by the NDRC and MIIT.

According to the Guidance Catalog of Key Products and Services for Strategic Emerging Industries (2016 Version) (《戰略性新興產業重點產品和服務指導目錄(2016年版)》) promulgated and implemented by the NDRC on January 25, 2017, new-type LED lighting application products as well as organic light-emitting diode (OLED) materials and devices were included in the catalog.

In accordance with the Guidance Catalog for Industrial Structure Adjustment (2024 Version) (《產業結構調整指導目錄(2024年本)》), promulgated by the NDRC on December 27, 2023, and came into effect on February 1, 2024, key automotive components such as adaptive headlamp systems have been classified as encouraged items.

LAWS AND REGULATIONS RELATING TO ESTABLISHMENT OF COMPANIES AND FOREIGN INVESTMENT

In accordance with the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was latest amended by the SCNPC on December 29, 2023 and came into effect on July 1, 2024, the Law applies to the establishment, operation and administration of domestic companies and foreign-invested enterprises in the PRC; where the laws regarding foreign investment provide otherwise, such provisions shall prevail.

Investment activities in the PRC 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)》) (the "**Negative List**"), which was promulgated by the MOFCOM and the NDRC on September 6, 2024 and came into effect on November 1, 2024, as well as the Catalog of Industries for Encouraging Foreign Investment 2025 version) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Encouraging List**"), which was promulgated on December 15, 2025, and came into effect on February 1, 2026. The Negative List sets out special administrative measures (restricted or prohibited) in respect of the access to foreign investment in a centralized manner, and the Encouraging List sets out the encouraged industries for foreign investment.Our business as currently conducted does not fall within the scope of the Negative List and is not subject to special administrative measures.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**") promulgated by the NPC, and the Implementation Regulations 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 for FIL**"), promulgated by the State Council, are the principal laws and regulations governing foreign investment in the PRC. Pursuant to the FIL and the Implementation Regulations for FIL, the PRC adopts a foreign investment administration system of national treatment plus Negative List management. Foreign investment and domestic investment in industries outside the scope of the Negative List issued or approved by the State Council shall be treated equally.

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was released by MOFCOM and the SAMR on December 30, 2019, and came into effect on January 1, 2020. Foreign investors directly or indirectly conducting investment activities within the territory of China shall submit the investment information through submission of initial reports, change reports, deregistration reports, annual reports etc. to the competent commerce authorities in accordance with the measures.

LAWS AND REGULATIONS RELATING TO THE COMPULSORY PRODUCT CERTIFICATION AND PRODUCT QUALITY

Pursuant to the Regulations of the People's Republic of China on Certification and Accreditation (《中華人民共和國認證認可條例》) latest amended by the State Council on July 20, 2023, and came into effect on the same day, where any product listed in the Catalogue which has not undergone certification leaves the factory or is sold, imported, or used in any other business activity without permission, the violator shall be ordered to take corrective action during a specified period, and fined not less than 50,000 yuan nor more than 200,000 yuan or if the goods value of the illegal product that has not undergone certification is less than 10,000 yuan, fined not more than two times the goods value; and any illegal proceeds shall be confiscated. Pursuant to the Catalogue Description and Definition List for Compulsory Product Certification (《強制性產品認證目錄描述與界定表》) latest amended by the SAMR on August 10, 2023, external lighting and light-signaling devices for motor vehicles fall within the scope of the Compulsory Product Certification (CCC) Catalogue.

Pursuant to the Announcement on Adjusting the Certification Modes for Certain Products in the Catalogue of Products Subject to Compulsory Product Certification (《關於調整強制性產品認證目錄內部分產品認證模式的公告》) issued by SAMR on January 7, 2026, 16 product categories, including external lighting and light-signaling devices for motor vehicles, must obtain and affix the CCC certification certificate and mark prior to manufacture, sale, import or use in other business activities, effective January 1, 2027. For products manufactured and no longer to be produced during the validity period of the self-declaration, no conversion is required and such products may continue to be sold.

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》) latest amended by the SCNPC on December 29, 2018 and came into effect at the same day, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines.

LAWS AND 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》) ("**Production Safety Law**") latest amended by the SCNPC on June 10, 2021, and came into effect on September 1, 2021, entities engaged in production and business activities in the PRC shall comply with the Production Safety Law and other laws and regulations relating to production safety. To ensure production safety, entities shall strengthen the management, establish and improve responsibility systems and policies, improve conditions, promote the development of standards, and enhance the level in this aspect. Violation of the Production Safety Law may result in imposition of fines, an order to cease operation, or even assumption of criminal responsibility in case serious consequences are caused.

LAWS AND REGULATIONS RELATING TO CYBERSECURITY, DATA SECURITY AND PRIVACY PROTECTION

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on June 10, 2021, and came into effect on September 1, 2021, the state shall establish a data classification and tiered protection system to implement categorized and tiered safeguards for data. Entities carrying out data processing activities shall establish a sound data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations.

The Civil Code stipulates that the personal information of a natural person shall be protected and provides main legal basis for privacy and personal information infringement claims. On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (effective on November 1, 2021), which requires, among others, that the processing of personal information should have a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests, and shall not process personal information that is not directly related to the processing purpose.

According to the Cybersecurity Review Measures (《網絡安全審查辦法》), which were latest amended by the Cyberspace Administration of China and several PRC regulatory authorities on December 28, 2021 and came into effect on February 15, 2022, purchases of network products and services by critical information infrastructure operators and data processing activities by network platform operators, which affect or may affect national security, shall be subject to a cybersecurity review. Network platform operators possessing the personal information of more than 1 million users who intend to list abroad must apply to the Cybersecurity Review Office for a cybersecurity review. Where any member of the Cybersecurity Review working mechanism believes that the network products and services and data processing activities affect or may affect national security, the Cybersecurity Review Office shall report to the Central Cyberspace Affairs Commission for approval under procedures and then conduct the review in accordance with relevant regulations.

On December 8, 2022, the MIIT promulgated the Administrative Measures for Data Security in Industry and Information Technology Sectors (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the "**Data Security Measures**") which became effective on January 1, 2023. The data processors in the industry and information technology sectors are required by the Data Security Measures to establish a full life-circle data security management systems, designate data security management personnel, reasonably manage operation authorization and formulate responses plans and conduct emergency drills and relevant trainings.

LAWS AND REGULATIONS RELATING TO OUTBOUND DIRECT INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) latest amended by the MOFCOM on September 6, 2014, and came into effect on October 6, 2014, outbound investment by enterprises is subject to approval or filing administered by MOFCOM and its provincial counterparts. Investment in sensitive countries, regions or industries requires approval; all other outbound investment is subject to filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in PRC such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain verification and approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects involving sensitive countries, regions or sectors are subject to NDRC approval. Non-sensitive projects are subject to filing: those with Chinese Mainland investment of US$300 million or above are filed with NDRC, while those below such threshold are filed with provincial counterpart of the NDRC.

Pursuant to the Notice on Further Simplify and Enhance Foreign Exchange Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the SAFE on February 13, 2015, and implemented on June 1, 2015, to cancel the administrative approval for foreign exchange registration for foreign direct investment and to grant banks the rights to directly review and handle foreign exchange registration for foreign direct investment. The SAFE and its branches shall carry out indirect supervision over foreign exchange registration for overseas direct investment through the banks.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT TRADE

Pursuant to the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《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 on November 19, 2021, and became effective on January 1, 2022, consignees, consignors or customs declaration enterprises of imported or exported goods only need to file with the Customs, and no longer need to register with the General Administration of Customs. The filing information will be publicized through the credit publicity platform of import and export business of Customs of the PRC.

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》) (the "**Patent Law**") latest amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021, the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) latest amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents, namely invention, utility model and design. Invention patents are valid for 20 years, while utility model patents are valid for 10 years and design patents are valid for 15 years, all starting from the date of application. After the granting of a patent for an invention or utility model, unless otherwise provided for in the Patent Law, no entity or individual may exploit the patent without the permission of the patentee.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) latest amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) latest amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, trademarks approved and registered by the Trademark Office are registered trademarks, and the trademark registrant shall have the exclusive right to use the trademark, which is protected by law. The validity period of a registered trademark is 10 years, counting from the date of approval of registration.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) latest amended by the SCNPC on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) latest amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, works of PRC citizens, legal persons or unincorporated organizations, whether published or not, shall enjoy copyright in accordance with law. A copyright holder shall enjoy several personal and property rights, including the right of publication, the right of authorship and the right of reproduction and the right of communication through information networks.

According to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) latest amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) latest amended by the National Copyright Administration of the PRC on February 20, 2002 and came into effect at the same day, Chinese citizens, legal persons or unincorporated organizations shall enjoy the copyright for software they develop, regardless of whether it has been published. Software copyright arises from the date of completion of software development. The protection period of the software copyright of legal persons or unincorporated organizations shall be 50 years, ending on December 31, of the fiftieth year after the first publication of the software. Software which has not been published for 50 years since the date of completion of software development shall not be under protection.

Domain Names

According to the Measures for the Administration of 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, the MIIT is responsible for the supervision and management of China's domain name services. No organization or individual shall impede the safe and stable operation of the Internet domain name system.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND FIRE PREVENTION

Environment Impact Assessment

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) latest amended by the SCNPC on April 24, 2014 and came into effect on January 1, 2015, and the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) latest amended by the SCNPC on December 29, 2018 and came into effect at the same day, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Solid Waste

Pursuant to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) latest amended by the SCNPC on April 29, 2020 and implemented since September 1, 2020, any entity or individual that produces, collects, stores, transports, utilizes, or disposes solid wastes shall take measures to prevent or reduce environmental pollution caused by solid wastes, and be liable for resultant environmental pollution in accordance with the law.

Completion and Acceptance

According to the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》) latest amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, upon completion of construction for which an environmental impact report or environmental impact statement is formulated, the constructor shall formulate the acceptance inspection report, and announce the acceptance inspection report pursuant to the law except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the State. Where the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use.

Water Pollution and Pollutant Discharge

Pursuant 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 since March 1, 2021, and the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) latest amended and implemented by the Ministry of Ecology and Environment on December 20, 2019, only pollutant discharge entities subject to registration management do not need to apply for a pollutant discharge permit. Public institutions and other manufacturers 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.

Fire Protection Design Approval and Filing

The Fire Protection Law of the PRC (《中華人民共和國消防法》) (the "**Fire Prevention Law**") was latest amended and implemented on April 29, 2021, which provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) latest amended by the Ministry of Housing and Urban-Rural Development on August 21, 2023 and came into effect on October 30, 2023, special construction projects as defined under such Interim Provisions shall conduct fire protection design review and fire protection final inspection, construction projects other than such special construction projects shall fill acceptance of the project with competent authority.

LAWS AND REGULATIONS RELATING TO REAL ESTATES

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) latest amended by the SCNPC on August 26, 2019 and came into effect on January 1, 2020, Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration and the legally registered ownership and right to the use of land shall be protected by law and may not be infringed upon by any entities or individuals.

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) latest amended by the SCNPC on August 26, 2019 and came into effect on January 1, 2020, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and came into effect on February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county where the house leased is located. In the case of a violation of the above provisions, they may be ordered to make corrections within a specified time limit by the competent construction (real estate) department of the people's government of a municipality directly under the central government, city or county. If fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

According to the Civil Code, failure of the parties to the lease contract to complete the formalities for registration in accordance with the laws and administrative regulations shall not affect the validity of the contract.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL INSURANCE

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) latest amended and implemented by the SCNPC on December 29, 2018, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) latest amended by the SCNPC on December 28, 2012 and came into effect on July 1, 2013, a labor contract shall be concluded when a labor relationship is established. Employers shall establish and improve labor rules and systems in accordance with the law to safeguard employees' labor rights and fulfillment of labor obligations.

In accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was latest amended and implemented by the SCNPC on December 29, 2018, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was latest amended and implemented by the State Council on March 24, 2019, the social insurance system has been established for basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. Enterprises shall register social insurance with the local social insurance agency and participate in social insurance. Enterprises and employees shall pay their social insurance premiums in full and in a timely manner. Employers who fail to promptly contribute social insurance premiums in full amount shall be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) which was latest amended and implemented by the State Council on March 24, 2019, enterprises shall register at the housing provident fund management center to pay housing provident funds and open housing provident fund accounts for their employees. Enterprises are required to pay housing provident funds on behalf of their employees in full and in a timely manner. If the employer fails to pay the housing fund within the prescribed time, it may be ordered to pay within a certain period, and if it still fails to pay, compulsory enforcement by the court can be applied.

Pursuant to the Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) promulgated by the SAT and became effective on November 16, 2018, tax authorities at all levels may not organize centralized collection of arrears of taxpayers including private enterprises in the previous years. According to the Notice on Steadily and Orderly Conducting Work Related to the Collection and Administration of Social Insurance Premiums (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the SAT on September 13, 2018, tax authorities shall not conduct inventory checks of outstanding social insurance premiums for prior years on their own initiative. The Circular on Issuing the Comprehensive Plan for Reducing Social Insurance Premium Rates (《關於印發〈降低社會保險費率綜合方案〉的通知》) promulgated by the General Office of State Council on April 1, 2019 and came into effect on May 1, 2019 emphasized that no centralized collection of enterprises' historical social insurance contribution shall be conducted independently in the course of the reform of the social insurance premium collection system.

Pursuant to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of 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)》) enacted by the Supreme People's Court on July 31, 2025 and implemented on September 1, 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people's court. During the Track Record Period, the Company has not entered into any agreement with the relevant employees to waive such payment.

LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

According to the EIT Law latest amended and implemented by the SCNPC on December 29, 2018, and the Regulations on the Implementation of the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》) latest amended by the State Council on December 6, 2024 and came into effect on January 20, 2025, the "resident enterprises" are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of

institutions in China. The rate of enterprise income tax shall be 25%; the high-tech enterprises that need key support from the PRC government shall be subject to a reduced EIT rate of 15%.

Value-added Tax

Pursuant to the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》), promulgated by the NPCSC on December 25, 2024, came into effect on January 1, 2026 and simultaneously repealed the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值税暫行條例), all entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, immovable or import goods in the PRC shall be VAT taxpayers and pay VAT in accordance with the law. Unless otherwise provided for by the state, the VAT rate is 13% for the sale of goods, processing, repair and maintenance services, and leasing services of tangible movables; 9% for the sale of transportation, postal, basic telecommunications, construction and immovable leasing services, sale of immovables, the transfer of land use rights, and the sale or import of prescribed goods; and 6% for the sale of other services and intangible assets. The VAT rate for exported goods is zero, unless otherwise provided for by the State Council.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) latest amended and implemented by the State Council on August 5, 2008, 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 administrative department of the State Council.

According to the Guidelines for Foreign Exchange Operations under the Capital Account (2024 Edition) (《資本項目外匯業務指引(2024年版)》), promulgated by the SAFE on April 3, 2024, and came into effect on May 6, 2024, for domestic companies listed overseas, the raised funds shall in principle be repatriated to China in a timely manner in either Renminbi or foreign currency. The use of such funds shall be consistent with the content of the public disclosure documents such as this Document, corporate bonds issuance documents, circulars to shareholders and resolutions of board of directors and shareholders' meetings. Domestic companies utilizing funds raised overseas for overseas direct investment, overseas securities investment, or cross-border lending shall comply with the relevant foreign exchange regulations.

LAWS AND REGULATIONS RELATING TO THE ISSUANCE AND LISTING OF SECURITIES OVERSEAS BY DOMESTIC ENTERPRISES

On February 17, 2023, the CSRC promulgated the Filing Rules and related guidelines, which came into effect on March 31, 2023. Pursuant to the Filing Rules, the PRC domestic companies (whether conducting overseas securities offerings/listings directly or indirectly) shall complete the filing formalities with the CSRC within three working days after submitting an initial public offering or listing application to the overseas regulatory authority. Non-compliance (such as failing to complete filings, concealing material facts or forging filing documents) may result in administrative penalties (including orders to rectify, warnings and fines) being imposed on the company, as well as its controlling shareholders, actual controllers and directly responsible persons-in-charge.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which was jointly issued by the CSRC together with other relevant authorities on February 24, 2023 and came into effect on March 31, 2023, 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 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 China. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Pursuant to the Notice on Issues Concerning Capital Management for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), which was jointly promulgated by the PBOC and the SAFE on December 26, 2025 and will become effective on April 1, 2026, a domestic enterprise shall complete the registration with the competent banks within 30 working days after the date of its initial overseas listing or the completion of the over-allotment. The proceeds raised may be remitted to the PRC or deposited overseas, provided that the use of funds shall be consistent with the relevant disclosure documents. Domestic shareholders increasing or decreasing their overseas shareholdings are also required to comply with the relevant registration and account management requirements.

LAWS AND REGULATIONS RELATING TO PRC SANCTIONS REGIME

On June 10, 2021, the SCNPC promulgated the Anti-Foreign Sanctions Law (《中華人民共和國反外國制裁法》), which came into effect at the same day. It is the governing law of China's sanctions regime, and its main purpose is to counteract "foreign discriminatory restrictive measures" imposed by foreign governments that infringe on China's national security and the lawful rights and interests of Chinese citizens and organizations. On January 9, 2021, the MOFCOM introduced Rules on Counteracting Unjustified/Extra-territorial Application of Foreign Legislation and other Measures (the "**Blocking Rules**"), which came into effect at the same day. As indicated in Article 2, the Blocking Rules aims to block the unjustified extraterritorial application of foreign laws and measures that prohibit or restrict transactions between Chinese persons and third country persons. On September 19, 2020, the MOFCOM issued the Provisions on the Unreliable Entity List (《不可靠實體清單規定》), which came into effect at the same day. According to Article 2 of these Provisions, foreign entities may be placed on the Unreliable Entity List for the following reasons: 1) endangering the national sovereignty, security or development interests of China; 2) suspending normal transactions with Chinese companies, organizations and individuals, or applying discriminatory measures against them in violation of normal market transaction principles, thereby causing serious damage to the lawful rights and interests of Chinese persons.

THE SERBIAN LAWS, REGULATIONS AND POLICIES

This section summarizes certain laws and regulations of Serbia that are of specific relevance for our subsidiary in Serbia as a foreign investor, particularly in the areas of corporate structure, foreign investment, product safety, product liability, data privacy, customs, trade, environmental protection and taxations. It is intended to provide a general overview and not to provide a complete or exhaustive description of all relevant Serbian regulations applicable to a provider of automotive lighting products. The laws of the Republic of Serbia are enacted by the National Assembly of the Republic of Serbia.

Law Regarding Corporate Structure

The establishment, organization and operation of companies in Serbia are governed by the Law on Companies (ZAKON O PRIVREDNIM DRUŠTVIMA, *"Sl. glasnik RS", br. 36/2011, 99/2011, 83/2014 - dr. zakon, 5/2015, 44/2018, 95/2018, 91/2019, 109/2021 i 19/2025*) ("**Serbia Law on Companies**"). This law sets out the general legal framework applicable to corporate entities, including rules on incorporation, corporate governance, capital structure and management.

Xingyu Serbia is established as a LLC (Limited Liability Company, in Serbian: d.o.o., abbr. for društvo sa ograničenom odgovornošću) in accordance with the Serbia Law on Companies. A LLC under Serbian law may be incorporated by one or more members, and the liability of its members for the company's obligations is generally limited to the amount of their respective capital contributions. A LLC has separate legal personality and is liable for its obligations with its entire assets. Its members do not bear personal liability for the company's obligations beyond their capital contributions, except in circumstances expressly prescribed by law. The capital of a limited liability company is divided into ownership interests rather than shares, and the company is managed by one or more directors.

Law Regarding Foreign Investments and Exchange

Foreign investors are in principle permitted to invest in Serbia on terms comparable to those applicable to domestic investors, including by establishing new companies, acquiring existing businesses or participating in joint ventures. There are generally no restrictions on foreign ownership in the manufacture of automotive lighting products.

The principal legislation governing foreign investment is the Law on Investments (ZAKON O ULAGANJIMA, "*Sl. glasnik RS", br. 89/2015 i 95/2018*) ("**Law on Investments**"). This law provides a framework for investment activities in Serbia and sets out certain fundamental principles, including equal treatment of domestic and foreign investors, freedom of investment, protection against expropriation, and the right to transfer profits and capital subject to applicable regulations. Under this law, a foreign investor may establish or acquire a company in Serbia under the same conditions as a domestic investor, provided that the statutory requirements are satisfied. Company incorporation and registration of business activities are carried out with the Serbian Business Registers Agency (SBRA).

Foreign exchange transactions in Serbia are governed by the Law on Foreign Exchange Operations (Zakon o deviznom poslovanju, *"Sl. glasnik RS"*, *br. 62/2006, 31/2011, 119/2012, 139/2014, 30/2018 and 19/2025)* ("**Law on Foreign Exchange Operations**"). This law establishes the legal framework for foreign currency transactions, cross-border payments, foreign currency accounts, and settlements related to imports and exports. Under Serbian law, companies are required to report foreign currency inflows and outflows exceeding the prescribed thresholds to the National Bank of Serbia ("**NBS**"). In addition, the law provides that certain foreign investments or loan arrangements may be subject to specific licensing or approval requirements in accordance with the applicable regulations.

Law Regarding the Industrial Sector and Product Safety

Product technical requirements and conformity assessment in Serbia are governed by the Law on Technical Requirements for Products and Conformity Assessment (ZAKON O TEHNIČKIM ZAHTEVIMA ZA PROIZVODE I OCENJIVANJU USAGLAŠENOSTI, "*Sl. glasnik RS", br. 49/2021*) ("**Law on Technical Requirements for Products and Conformity Assessment**"). This law imposes obligations on manufacturers to ensure that products, including automotive lighting products, comply with the applicable technical requirements before being placed on the market. In practice, SRPS EN standards, which are harmonized with relevant European standards, are applied in assessing conformity with the prescribed technical requirements.

General product safety matters are governed by the Law on General Product Safety (ZAKON O OPŠTOJ BEZBEDNOSTI PROIZVODA, "*Sl. glasnik RS", br. 41/2009 i 77/2019*) ("**Law on General Product Safety**"). Under Serbian law, products containing potential hazardous substances are regulated. These regulations closely follow the relevant European Union directives in this area. Accordingly, manufacturers are required to ensure that both their components and finished products comply with the restrictions on hazardous substances and product safety requirements.

Supervision over the implementation of product safety regulations is carried out by the competent market inspection authorities. Such authorities are empowered to inspect products placed on the market, technical documentation, markings, declarations of conformity and compliance with applicable safety requirements. In cases of non-compliance, regulatory measures may include bans on sale, withdrawal of products from the market and the imposition of significant monetary fines on manufacturers and responsible persons.

Law Regarding Product Liability

The Law on General Product Safety also governs product liability in Serbia. Under this law, only safe products may be placed on the market. Manufacturers and distributors are required to assess product risks, provide appropriate warnings and instructions for use, and take corrective measures where necessary, including the withdrawal or recall of products from the market if they pose a risk to consumer health and safety.

The law establishes the criteria for determining whether a product is considered safe or unsafe, as well as the obligations imposed on manufacturers and distributors. Products are required to comply with descriptions, quality standards, functionality and intended use.

Law Regarding Data Privacy

The protection of personal data in Serbia is governed by the Law on the Protection of Personal Data (ZAKON O ZAŠTITI PODATAKA O LIČNOSTI, "*Sl. glasnik RS", br. 87/2018*) ("**Law on the Protection of Personal Data**"). This law regulates the processing of personal data relating to employees, clients, suppliers and other individuals, and sets out the rights of data subjects as well as the obligations of data controllers and data processors.

For companies engaged in the manufacture of automotive lighting products, the law is applicable in connection with (i) the processing of employee personal data, including data relating to employment, payroll calculation, occupational health and safety compliance and related obligations, and (ii) the processing of consumer personal data, including data storage, access and protection. Under this law, companies are required to establish transparent and clearly defined procedures for the storage, access and protection of personal data, and to adopt a privacy policy that is accessible to employees.

Law Regarding Customs and Foreign Trade Regulations

Serbia has established a customs and foreign trade regime governing the import, export and transit of goods. The principal legislation regulating customs matters is the Customs Law (CARINSKI ZAKON, "*Sl. glasnik RS", br. 95/2018, 91/2019 - dr. zakon, 144/2020, 118/2021 i 138/2022*) ("**Serbian Customs Law**"). This law governs, among other things, customs procedures, customs valuation, classification of goods, origin of goods, customs duties and available customs reliefs. All goods are classified under the customs tariff system, and the applicable treatment depends on the tariff classification, valuation and origin of the goods.

Foreign trade activities are further regulated by the Law on Foreign Trade Operations (ZAKON O SPOLJNOTRGOVINSKOM POSLOVANJU, "*Sl. glasnik RS", br. 36/2009, 36/2011 - dr. zakon, 88/2011 i 89/2015 - dr. zakon)* ("**Law on Foreign Trade Operations**"). This law upholds the principle of free import and export while allowing restrictions where necessary to protect public security, human health, the environment or to ensure compliance with Serbia's international obligations. Depending on the nature of products, certain goods may be subject to technical requirements, particularly where electrical or electronic components or hazardous substances are involved.

Rules on the origin of goods are relevant to the application of preferential customs treatment. Where the relevant conditions are satisfied and appropriate proof of origin is provided, preferential customs rates may be applied under free trade agreements concluded by Serbia with, among others, the EU, CEFTA (Central European Free Trade Agreement), EFTA (European Free Trade Association) and certain other countries, which may reduce customs costs for eligible lighting products.

Law Regarding Environmental Regulations

Environmental matters in Serbia are governed by a set of environmental protection laws applicable to manufacturing activities.

The Law on Environmental Protection (ZAKON O ZAŠTITI ŽIVOTNE SREDINE, "*Sl. glasnik RS", br. 135/2004, 36/2009, 36/2009 - dr. zakon, 72/2009 - dr. zakon, 43/2011 - odluka US, 14/2016, 76/2018, 95/2018 - dr. zakon, 95/2018 - dr. zakon i 94/2024 - dr. zakon*) ("**Law on Environmental Protection**") establishes the fundamental principles of environmental governance, including sustainable development, the "polluter pays" principle, preventive action and the environmental responsibility of legal entities. Manufacturing companies are required to organize their operations in a manner that prevents or minimizes adverse environmental impacts and to implement appropriate technical, organizational and monitoring measures.

The Law on Environmental Impact Assessment (ZAKON O PROCENI UTICAJA NA ŽIVOTNU SREDINU, "*Sl. glasnik RS", br. 94/2024*) ("**Law on Environmental Impact Assessment**") also provides that, depending on the scale, location and nature of a project, certain production facilities may be subject to a mandatory environmental impact assessment or a screening procedure to determine whether such assessment is required. The assessment evaluates the potential impacts on air, water, soil, noise levels and human health. Approval must be obtained prior to the construction or expansion of production facilities.

The Law on Air Protection (ZAKON O ZAŠTITI VAZDUHA, "*Sl. glasnik RS", br. 51/2025*) applies to industrial processes that may generate emissions, including metal processing, coating, painting and the use of chemical substances commonly associated with automotive lighting products manufacturing. Companies are required to comply with applicable emission limit values, apply prescribed techniques and obtain relevant permits for emission sources, with monitoring and reporting obligations depending on the equipment and processes used.

Waste-related matters are governed by the Law on Waste Management (ZAKON O UPRAVLJANJU OTPADOM, "*Sl. glasnik RS", br. 109/2025*) ("**Law on Waste Management**"). This law is relevant to manufacturers of automotive lighting products due to the generation of industrial waste, packaging waste, electronic waste and potentially hazardous waste. Under this law, producers are required to properly classify waste, ensure safe storage, maintain records and transfer waste to authorized operators.

Serbia's environmental legislation continues to evolve in the context of its European Union accession process. Regulatory standards in relation to waste electrical and electronic equipment, hazardous substances, energy efficiency and emissions, are expected to become progressively more stringent.

Law Regarding Tax Regulations

Serbia has established a tax framework applicable to corporate entities. For companies conducting manufacturing and trading activities in Serbia, tax considerations primarily relate to corporate income tax and value added tax. In addition, Serbia has concluded a broad network of double taxation avoidance treaties that may be relevant to cross-border payments.

Corporate Income Tax

Corporate income tax in Serbia is governed by the Law on Corporate Income Tax (ZAKON O POREZU NA DOBIT PRAVNIH LICA, "*Sl. glasnik RS", br. 25/2001, 80/2002, 80/2002 - dr. zakon, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - dr. zakon, 142/2014, 91/2015 - autentič no tumač enje, 112/2015, 113/2017, 95/2018, 86/2019, 153/2020, 118/2021 i 94/2024*) ("**Corporate Income Tax Law**"). Corporate income tax is levied on the taxable profit of legal entities. The tax base is determined by adjusting accounting profit and the corporate income tax rate is a flat rate of 15%. Resident companies are subject to corporate income tax on their worldwide income, while non-resident companies are subject to tax only on income attributable to a permanent establishment in Serbia.

The Corporate Income Tax Law also regulates transfer pricing and withholding tax matters. Payments made to associated non-resident entities, such as dividends, interest and royalties, are generally subject to withholding tax at a statutory rate of 20%, unless a lower rate or exemption applies under an applicable double taxation avoidance treaty. Serbia has entered into an extensive network of double taxation avoidance treaties, which may reduce withholding taxes on certain categories of cross-border income, including dividends, interest and royalties.

Serbia provides a range of tax incentives that may significantly reduce the effective corporate income tax burden, depending on the nature, size and location of the investment. These include accelerated tax benefits for R&D. In particular, foreign-invested enterprises that invests more than Serbian Dinar ("**RSD**") 1.0 billion in its fixed assets, and employs at least 100 employees on an indefinite-term basis during the investment period shall be exempt from corporate income tax for a period of ten years from its first profit-making year. Xingyu Serbia shall be eligible for exemption from corporate income tax for a period of ten years commencing from its first profitable year.

Value Added Tax

Value added tax (VAT) is regulated by the Value Added Tax Law (ZAKON O POREZU NA DODATU VREDNOST, "*Sl. glasnik RS", br. 84/2004, 86/2004 - ispr., 61/2005, 61/2007, 93/2012, 108/2013, 6/2014 - usklađeni din. izn., 68/2014 - dr. zakon, 142/2014, 5/2015 - usklađeni din. izn., 83/2015, 5/2016 - usklađeni din. izn., 108/2016, 7/2017 - usklađeni din. izn., 113/2017, 13/2018 - usklađeni din. izn., 30/2018, 4/2019 - usklađeni din. izn., 72/2019, 8/2020 - usklađeni din. izn., 153/2020, 138/2022, 94/2024 i 109/2025*) ("**Value Added Tax Law**"). VAT is imposed on the supply of goods and services and on the importation of goods carried out in the course of business. Foreign entities performing taxable supplies in Serbia are generally required to register for VAT and appoint a fiscal representative, regardless of turnover, unless specific statutory exemptions apply. Where a foreign supplier does not appoint a fiscal representative, VAT may be accounted for by the Serbian recipient of the goods or services.

The standard VAT rate in Serbia is 20%. A 0% VAT rate, with the right to deduct input VAT, applies to exports of goods, international transport and services directly related to exports. Certain transactions are exempt from VAT without the right to deduct input VAT, including, among others, transactions in shares and securities, insurance and reinsurance services, and the leasing of residential and business property.