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SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE PRC

Legal Supervision over Company Law

The Company Law of the PRC (《中華人民共和國公司法》) was promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on December 29, 1993, and was most recently revised on December 29, 2023, and became effective on July 1, 2024. The Company Law governs the establishment, organizational structure, governance, operation, and dissolution of companies in the PRC, classifying companies into limited liability companies and joint stock companies (companies limited by shares). The 2023 revision introduced significant reforms, including: (i) a requirement that registered capital contributions for limited liability companies be completed within five years from the date of establishment, with a transition period for existing companies; (ii) introduction of an authorized capital system for joint stock companies, allowing the board of directors to issue new shares within the authorized capital limit; (iii) enhancement of shareholder rights protection, including expanded information rights and simplified procedures for convening extraordinary general meetings; (iv) allowance for companies to establish only a board of directors (without a supervisory board) provided that an audit committee is established within the board; (v) introduction of a shareholder disqualification system for failure to make capital contributions; and (vi) provisions on class shares, no-par value shares, and simplified capital reduction procedures. As the Company is a PRC-incorporated joint stock company, the Company Law is directly applicable to its corporate governance, capital management, and shareholder rights obligations.

Legal Supervision over Securities Law

The Securities Law of the PRC (《中華人民共和國證券法》) was promulgated by the SCNPC on December 29, 1998, and was most recently revised on December 28, 2019, and became effective on March 1, 2020. Article 2(4) of the Securities Law provides that overseas securities issuance and trading activities that disrupt the PRC market order or harm the legitimate rights and interests of domestic investors shall be subject to the provisions of the Securities Law. The Securities Law also provides that domestic enterprises seeking to directly or indirectly issue securities overseas or list their securities on overseas exchanges shall comply with the relevant provisions of the State Council. The CSRC, as the securities regulatory authority established by the State Council, is responsible for supervising and administering the securities market.

Legal Supervision over Foreign Investment

The Interim Provisions on Investment Made by Foreign-Invested Enterprises in PRC (《關於外商投資企業境內投資的暫行規定》) which was promulgated on July 25, 2000, came into effect on September 1, 2000, and was amended on October 28, 2015, stipulates that the domestic investment of foreign-invested enterprises shall comply with the requirements set out in the (i) Interim Provisions on Guiding the Direction of Foreign Investment (《指導外商投資

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方向暫行規定》) that was promulgated on June 20, 1995, came into effect on the same day and was replaced by the Provisions on Guiding the Direction of Foreign Investment (《指導外商投資方向規定》), which was promulgated on February 11, 2002 and came into effect on April 1, 2002, and (ii) the Catalog for the Guidance of Foreign Investment Industries (《外商投資產業指導目錄》) (the “**Guidance Catalog**”) promulgated in 1995 and amended or restated from time to time.

Pursuant to the Guidance Catalog which was most recently amended on June 28, 2017 and came into effect on July 28, 2017, the industries invested by foreign investors are classified into two categories: encouraged industries and the industries included in special administrative measures for the access of foreign investment (including restricted industries and prohibited industries). The Special Administrative Measures for the Access of Foreign Investment (Negative List) (Version 2021) (《外商投資准入特別管理措施(負面清單)》(2021年版)) (the “**Negative List**”) promulgated on June 28, 2018, restated on June 30, 2019, June 23, 2020 and December 27, 2021, and came into effect on January 1, 2022, which was further amended on September 6, 2024, with the latest amendments taking effect on November 1, 2024 replaced the portion of special administrative measures for the access of foreign investment in the Guidance Catalog. Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (the “**Encouraged Catalog**”) which was promulgated on June 30, 2019, amended on December 27, 2020, October 26, 2022, December 15, 2025 and came into effect on February 1, 2026, replaced the encouraged industries in the Guidance Catalog. Foreign investors shall not invest in the fields for which foreign investment is prohibited in the Negative List. Investment in restricted fields of investment in the Negative List shall satisfy certain requirements stipulated in the Negative List. Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalog and the Negative List are generally deemed as permitted for foreign investment. Accordingly, cross-border e-commerce compliance service industry is generally a permitted foreign investment industry.

On March 15, 2019, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) was adopted at the Second Session of the 13th National People’s Congress and came into effect on January 1, 2020. The Foreign Investment Law of the PRC has replaced the Law on Chinese-Foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Law on Chinese Foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) and the Law on Wholly Foreign-Owned Enterprises of the PRC (《中華人民共和國外資企業法》) to become the legal foundation for foreign investment in the PRC. According to the Foreign Investment Law of the PRC, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organizations (hereinafter “**Foreign Investors**”). The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list.

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The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was issued by MOFCOM and State Administration for Market Regulation on December 30, 2019, which came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record filling of the Establishment and Modification of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to such measures.

Under the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise, or subscribes for new equity interest in a domestic non-foreign invested enterprise via an increase in registered capital of the domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic non-foreign invested enterprise, or which purchases the assets of a domestic non-foreign invested enterprise and injects those assets to establish a foreign-invested enterprise. The M&A Rules require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by the relevant commerce authorities. Pursuant to the provisions of the Foreign Investment Law of the People’s Republic of China and the Regulations for the Implementation of the Foreign Investment Law of the People’s Republic of China, which entered into force on 1 January 2020, the registration of foreign-invested enterprises shall be processed by the market supervision and administration department of the State Council or the authorized local people’s government market supervision and administration departments in accordance with law.

Legal Supervision over Online Trading

The E-commerce Law of the PRC (《中華人民共和國電子商務法》), enacted by the SCNPC on August 31, 2018 and implemented from January 1, 2019, aims to regulate the e-commerce activities conducted within the territory of the PRC and proposes a series of requirements on e-commerce operators, including third-party e-commerce platform operators, registered product or service providers of platforms, and online business operators operating through a self-built website or any other network. Pursuant to this law, self-operated platforms shall fulfill obligations including business registration, transparent pricing, truthful advertising, and compliance with consumer protection and data security rules. Furthermore, if an e-commerce platform operator knows or ought to know that the goods sold or services provided by the business operators do not meet the requirements for safeguarding personal and property safety, or have other acts infringing upon the legitimate rights and interests of consumers, and fails to take necessary measures, it shall bear joint and several liability with such operator.

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Pursuant to the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), which were promulgated by the SAMR on March 15, 2021, took effect on May 1, 2021 and amended on March 18, 2025, online transaction operators refer to natural persons, legal persons and non-incorporated organizations that organize and carry out online transaction activities, including online transaction platform operators, on-platform operators, self-built website operators, and online transaction operators that conduct online transaction activities through other online services. These measures also stipulate the obligations of online commodity dealers and relevant service providers and certain special requirements applicable to third-party platform operators.

Legal Supervision over Internet Advertising

PRC advertising laws and regulations, including the Advertisement Law of the PRC (《中華人民共和國廣告法》)(2021 Revision) which were promulgated by the SCNPC on April 29, 2021 and became effective on the same day, set forth certain content requirements for advertisements in the PRC including, among the things, prohibitions on false or misleading content, superstition violence, discrimination or infringement of the public interest.

On February 25, 2023, the SAMR promulgated the Measures on Internet Advertising (《互聯網廣告管理辦法》), or the Internet Advertising Measures, which became effective on May 1, 2023 and replaced the Interim Measures on Internet Advertising (《互聯網廣告管理暫行辦法》), to regulate any advertisement published on the internet, including but not limited to, through websites, webpage and apps, in the form of word, picture, audio and video and provides more detailed guidelines to the advertisers, advertising operators and advertising distributors, Internet advertisers are responsible for the authenticity of the content of advertisements and may publish advertisements by setting up a website or an internet medium owned by them, or by entrusting internet advertising operators or advertising publishers to publish advertisements. Any violation of the Internet Advertising Measures may result in fines, prohibition of publishing advertisements for a period of time or withdrawal of business licenses, and other penalties.

Legal Supervision over Value-Added Telecommunications Services

The Telecommunication Regulations of the PRC (《中華人民共和國電信條例》), promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, and the relevant regulations, including the Classified Catalogue of Telecommunications Services (《電信業務分類目錄》) last amended on June 6, 2019, or the Telecom Catalog, by the MIIT, specify overall provisions on the conduct of engaging in telecommunications services in Chinese Mainland. Telecommunications services consist of basic telecommunications services or value-added telecommunications services. Pursuant to the Telecommunication Regulations, operators of value-added telecommunications services, or VATS, shall be approved by MIIT, or its provincial level counterparts, and obtain a license for value-added telecommunications business, or VAT License. The Measures for the Administration of Telecommunications Business Licensing (《電信業務經營許可管理辦法》)

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(2017 Revision), which were promulgated by the MIIT on March 1, 2009 and amended on July 3, 2017 and became effective on September 1, 2017, provide more detailed provisions regarding the types of licenses required for operating basic telecommunications services and value-added telecommunications services, and the qualifications and procedures for obtaining relevant licenses and the administration and supervision of relevant licenses. According to the above provisions, telecommunications services operators holding an VAT License shall submit data such as business operation and service quality to the license-issuing authorities in the first quarter of each year. The effective period of an VAT License is five years, and can be renewed within 90 days before expiry.

Pursuant to the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》), which were promulgated by the State Council on September 25, 2000 and amended on January 8, 2011 and December 6, 2024, “internet information services” refer to the service activities of providing information to online users through the internet, which can be divided into “profitable internet information service” and “non-profitable internet information service.” Profitable internet information service providers shall obtain the VAT License from the telecommunications administration authorities.

The Provisions on the Administration of Foreign-funded Telecommunications Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council on December 11, 2001 and subsequently amended on September 10, 2008, February 6, 2016 and March 29, 2022, and effective on May 1, 2022, stipulate specifically the capitalization, investor qualifications and application procedures in connection with the establishment of a foreign-funded telecommunications enterprise. These provisions prohibit a foreign entity from owning more than 50% of the total equity interest in any value-added telecommunications service business in China, unless otherwise provided by laws and administrative regulations and require foreign-funded telecommunications enterprises to obtain a basic telecommunications business license in the country or region where it is registered. However, specifically, the Negative List allows foreign investors to hold more than 50% equity interests in a value-added telecommunications service operator engaging in e-commerce, domestic multi-party communication, storage-and-forward and call center businesses. The current business of the Company does not subject to the 50% foreign equity cap requirement.

On April 8, 2024, the MIIT promulgated the Announcement on Conducting the Pilot Program for Expanding the Opening-up of Value-added Telecom Services (《關於開展增值電信業務擴大對外開放試點工作的通告》). According to this announcement, the pilot program will be initially conducted in areas such as the Beijing Comprehensive Demonstration Zone for Expanding the Opening-up of the Service Industry, Lingang New Area and Leading Area for Socialist Modernization Construction of the Shanghai Free Trade Zone, Hainan Free Trade Port, and Shenzhen Demonstration Zone of Socialism with Chinese Characteristics. The announcement further specifies that in the approved pilot areas, restrictions on foreign ownership ratio will be removed for certain value-added telecom services, including internet data centers (IDC), content delivery networks (CDN), internet service providers (ISP), online data processing and transaction processing, as well as information distribution platforms and

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delivery services in information services (excluding internet news information, online publishing, online audiovisual, and internet cultural operations), and information protection and processing services. On October 23, 2024, the MIIT announced that the pilot program for expanding the opening-up of value-added telecom services in Pilot Areas has officially been launched.

Legal Supervision over Inspection, Testing and Certification

The Metrology Law of the PRC (《中華人民共和國計量法》) promulgated by the SCNPC on 6 September 1985 which came into effect on 1 July 1986 and last amended on 26 October 2018, stipulate that a product quality inspection agency which is to provide notarial data on the quality of products for the society must have passed the examination of its capability and reliability of metrological verification and testing conducted by the metrological administrative department of the people’s government at or above the provincial level.

According to the Administrative Measures for Qualification Accreditation of Inspection and Testing Agencies (《檢驗檢測機構資質認定管理辦法》), which was issued on April 9, 2015 and last revised on April 2, 2021, the State Administration for Market Regulation (the “SAMR”) is in charge of the qualification accreditation of inspection and testing agencies nationwide, and is responsible for the unified management, organization, implementation and comprehensive coordination of the qualification accreditation of inspection and testing agencies. Market regulatory authorities at the provincial level are responsible for the qualification accreditation of inspection and testing agencies within their respective administrative regions. According to the Measures for the Supervision and Administration of Inspection and Testing Agencies (《檢驗檢測機構監督管理辦法》), which was last revised on March 18, 2025 and came into effect on May 1, 2025, inspection and testing agencies and their personnel shall be responsible for the inspection and testing reports they have issued, and bear civil, administrative and criminal liability in accordance with the law.

According 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》) promulgated by the Certification and Accreditation Administration of the People’s Republic of China on 3 September 2003 and most recently amended on 20 July 2023, and the Measures for the Administration of Certification Bodies (《認證機構管理辦法》) promulgated by the AQSIQ on 20 July 2011 and most recently amended on 23 October 2020, to obtain qualification as a certification body, approval must be obtained from the certification and accreditation regulatory department of the State Council, and certification activities may only be conducted within the approved scope.

Legal Supervision over Cyber Security

According to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on November 7, 2016 and was last amended on 28 October 2025, and took effect on 1 January 2026, network operators shall comply with laws and administrative regulation and fulfill their obligations to ensure the security of the network

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when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with laws and administrative regulation and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality, and availability of network data. In addition, the network operators shall neither collect the personal information irrelevant to the services provided by them nor collect or use the personal information in violation of the provisions of any laws or administrative regulation or the agreement between both parties.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Information Protection on Networks (《關於加強網絡信息保護的決定》) to enhance the protection of information security and privacy on the internet. On July 16, 2013, the Ministry of Industry and Information Technology (“MIIT”) promulgated the Provisions on Protection of Personal Information of Telecommunication and the Internet Users (《電信和互聯網用戶個人信息保護規定》), which became effective on September 1, 2013, to regulate the collection and use of personal information of users in the provision of telecommunication service and the internet information service.

According to the Several Provisions on Regulating the Market Order of the Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which was promulgated by the MIIT on December 29, 2011, and came into effect on March 15, 2012, without the consent of users, the internet information service providers shall neither collect information which is relevant to users and can serve to identify users solely or in combination with other information (the “**personal information of users**”) nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Several Provisions on Regulating the Market Order of the Internet Information Services also require that the internet information service providers shall properly preserve the personal information of users.

The Data Security Law (《中華人民共和國數據安全法》) was promulgated on June 10, 2021 and became effective on September 1, 2021. It establishes a data protection system based on the category and security level of the data in terms of its importance for economic and social development and the potential harm caused by illegal use of such data to national security, public interest or rights and interests of individuals and organizations. Competent governmental authorities shall be responsible to formulate lists for “important data.” Higher level of protection shall apply to “national core data” which refers to data that are vital to national security, economy, people’s livelihood and major public interests.

According to the Data Security Law, data activities affecting or likely to affect national security will be subject to national security review under the data security review system. The data relating to safeguarding national security and interests and performance of international obligations shall be subject to export control of China. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and establish a

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management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Furthermore, data transaction intermediary service providers shall check the sources of the data, the identities of parties involved in the data transactions and keep records accordingly. Violation of Data Security Law may subject the relevant entities or individuals to warning, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even criminal liabilities. According to the Data Security Law, the maximum monetary fine imposed on the breaching party is RMB10 million.

For purposes of ensuring the security of the supply chain for critical information infrastructure, guaranteeing the cyber security and data security and safeguarding national security, the Measures for Cyber Security Review (2021) (《網絡安全審查辦法》(2021)) (the “**Cybersecurity Review Measures**”) was promulgated by the Cyberspace Administration of China (CAC), the NDRC, the MIIT, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance, the MOFCOM, the People’s Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration on December 28, 2021 and took effect on February 15, 2022. The Cybersecurity Review Measures specifies that the procurement of network products and services by operator of critical information infrastructure and the activities of data process carried out by online platform operator that raise or may raise “national security” concerns are subject to cyber security review by Office of Cyber Security Review established by the CAC. Before such critical information infrastructure operator purchases internet products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give raise to national security concerns, it should apply for a cyber security review by the Cyber Security Review Office and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, online platform operators that possess the personal data of at least one million users must apply for a cybersecurity review by the Cyber Security Review Office before “foreign listing” (國外上市). Furthermore, pursuant to Article 16 of the Cybersecurity Review Measures, if any member unit of the Cybersecurity Review Working Mechanism deems that any network products and services or data processing activities affect or may affect national security, the Cybersecurity Review Office shall, following the relevant procedures and upon approval by the Central Cyberspace Affairs Commission, conduct a review in accordance with the Cybersecurity Review Measures. This provision serves as the legal basis for the authorities to initiate reviews proactively regarding “network products and services or data processing activities.” Pursuant to the Cybersecurity Review Measures, any violation shall be punished in accordance with the Cyber Security Law and the Data Security Law of the PRC, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties, suspension of non-compliant operations.

The cyber security review focuses on the assessment of risk related to procurement activities, data process and listing of companies overseas and the major factors that are taken into consideration includes (i) the risk of critical information infrastructure being illegally

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controlled, interfered or destroyed as a result of the use of the products or services; (ii) the continuous harm to the business of critical information infrastructure by the interruption of provision of products or services; (iii) the security, openness, transparency, diversity of sources, reliability of supply and potential supply interruptions of products and services due to political, diplomatic or international trade issues; (iv) whether the products and services provider comply with PRC laws and regulations; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, illegally utilized or exited the country; (vi) the risk that critical information infrastructure, core data, important data or a large amount of personal information will be affected, controlled, or maliciously utilized by foreign governments after listing overseas and the risk of internet information security; and (vii) other factors that may endanger the security of critical information infrastructure, cyber security, and data security. It may take approximately 70 business days in maximum for the general cyber security review upon the delivery of their applications, which may be subject to extensions for a special review. Nevertheless, the exact scope of operator under the Cybersecurity Review Measures and the current regulatory regime remains unclear, and the PRC governmental authorities may have wide discretion in the interpretation and enforcement of these laws. Article 16 of the Cybersecurity Review Measures provides that the cyber security review work mechanism can initiate cybersecurity review if it considers that a network product or service or a data processing activity will or may affect national security.

The State Council had promulgated the Regulation on Cyber Data Security Management (《網絡數據安全管理條例》) on September 24, 2024, which became effective from January 1, 2025.

On July 10, 2023, the CAC and several governmental authorities promulgated Interim Measures for the Management of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) which became effective on August 15, 2023, impose compliance requirements for providers of generative AI services to the general public within the territory of PRC. Generative AI service provider shall carry the law and provisions, and assume responsibility as a producer of online information content in accordance with the law and fulfill online information security obligations.

Legal Supervision over Internet Personal Information Protection

In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. PRC law does not prohibit internet information service providers from collecting and analyzing personal information from their users. However, the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) prohibits an internet information service provider from insulting or slandering a third party or infringing the lawful rights and interests of a third party.

The Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), promulgated by the MIIT on December 29, 2011 and became effective on March 15, 2012, stipulates that internet information service

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providers must not, without user consent, collect user personal information, which is defined as user information that can be used alone or in combination with other information to identify the user, and may not provide any such information to third parties without user’s consent. Internet information service providers may only collect user personal information necessary to provide their services and must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information. In addition, an internet information service provider may only use such user personal information for providing the service. Internet information service providers are also required to properly keep users’ personal information, and take immediate remedial measures if user’s personal information is or is likely to be disclosed. If the consequences of any such disclosure are expected to be serious, internet information service providers must immediately report the incident to the telecommunications regulatory authority and cooperate with the authorities in their investigations. On July 16, 2013, the MIIT issued the Provisions on the Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》). Most requirements under the said Provisions that are relevant to internet information service providers are consistent with pre-existing requirements but the requirements under the Provisions are more stringent and have a wider scope. If an internet information service provider wishes to collect or use personal information, it may do so only if such collection is necessary for the services it provides. Further, it must disclose to its users the purpose, method and scope of any such collection or use, and must obtain consent from its users whose information is being collected or used. Internet information service providers are also required to establish and publish their rules relating to personal information collection or use, keep any collected information strictly confidential, and take technological and other measures to maintain the security of such information. Internet information service providers are required to cease any collection or use of the user personal information, and de-register the relevant user account, when a given user stops using the relevant internet service. Internet information service providers are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to other parties.

On May 28, 2020, the National People’s Congress issued the Civil Code, which takes effect from January 1, 2021. The Civil Code requires that personal information of a natural person shall be processed under the principles of lawfulness, justification and necessity, shall not be excessively processed, and shall meet the following conditions: (1) The consent of the natural person or his or her guardian is obtained, unless as otherwise prescribed by laws and administrative regulations; (2) The rules for information processing are published; (3) The purpose, method, and scope of information processing are explicit; (4) The provisions of laws and administrative regulations and the agreement between both parties are not violated. It clarifies that a natural person has the right to access or reproduce his or her personal information from the information processor; and upon discovery of any error in the information, he or she has the right to raise an objection and request correction and other necessary measures to be taken in a timely manner. The Civil Code also stipulates that information processors shall take technical measures and other necessary measures to ensure the security of the personal information collected and stored thereby and prevent information leakage, tampering, and loss.

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On August 20, 2021, the SCNPC issued the Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”), which takes effect from November 1, 2021. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (1) the individual’s consent has been obtained; (2) the processing is necessary for the conclusion or performance of a contract to which the individual is a party or is necessary for carrying out human resources management pursuant to the labor rules and regulations formulated according to the law or the collective contracts signed according to the law; (3) the processing is necessary to fulfill statutory duties and statutory obligations; (4) the processing is necessary to respond to public health emergencies or protect natural persons’ life, health and property safety under emergency circumstances; (5) the personal information that has legally been made public by the relevant individual or otherwise is processed within a reasonable scope; (6) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (7) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. No organization or individual may illegally collect, use, process or transmit personal information, illegally buy or sell, provide or make personal information public, or engage in the processing of personal information that endangers the national security or public interests. The Personal Information Protection Law clarifies the definition of “Sensitive Personal Information,” which means personal information that, once leaked or illegally used, may give rise to discrimination against individuals or seriously endanger personal or property security, including information on biometrics, religious beliefs, specific identity, medical health, financial accounts, and personal whereabouts, among others. To process sensitive personal information based on an individual’s consent, a personal information processor shall obtain the separate consent from the individual. Where any law or administrative regulation provides that written consent shall be obtained for processing sensitive personal information, such provision shall prevail. In terms of cross-border transmission of personal information, pursuant to the Personal Information Protection Law, a personal information processor, providing personal information to any party outside the territory of the PRC, shall notify individuals of the overseas recipient’s identity, contact information, processing purposes, processing methods, categories of personal information, the methods in which individuals exercise the rights over the overseas recipient, and other matters, and obtain individuals’ separate consent. Furthermore, critical information infrastructure operators and the personal information processors that process the personal information reaching the threshold specified by the national cyberspace administration in terms of quantity shall store domestically the personal information collected and generated within the territory of the PRC. Where it is truly necessary to provide the information abroad, the security assessment organized by the national cyberspace administration shall be passed, unless otherwise regulated by laws, administrative regulations, or provisions issued by the national cyberspace administrative authorities. The Personal Information Protection Law provides that if an overseas organization or individual engages in personal information processing activities that damage the rights and interests relating to personal information of citizens of the PRC or compromise national security or

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public interests of the PRC, the national cyberspace administration may include it or him in a list of those the provision of personal information to whom is restricted or prohibited, make an announcement, and take measures such as restricting or prohibiting the provision of personal information to it or him.

The Cyber Security Law requires that personal information collected and produced by critical information infrastructure operators during their operations within the territory of the People’s Republic of China shall be stored within China. If it is indeed necessary to provide such data to overseas parties due to business requirements, security assessment shall be conducted. The Cyber Security Law imposes certain data protection obligations on network operators, including that network operators shall follow the principles of legality, rightfulness and necessity when collecting and using personal information; network operators may not divulge, tamper with, or damage users’ personal information that they have collected, and are obligated to delete unlawfully collected information and to amend incorrect information; network operators shall take technical measures and other necessary measures to ensure the security of personal information collected by them, and prevent information leakage, damage and loss; network operators may not provide users’ personal information to others without consent. Moreover, if personal information has been or is likely to be divulged, damaged or lost, the network operator has the obligation to report the event to the competent department.

On May 8, 2017, the Supreme People’s Court and the Supreme People’s Procuratorate released the Interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the “**Interpretations**”), effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including “citizens’ personal information,” “provision of citizens’ personal information” and “illegally obtaining any citizen’s personal information by other methods.” In addition, the Interpretations specify the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

The Method for Identifying the Illegal Collection and Use of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》) (the “**Method**”) issued by the CAC, MIIT, the Ministry of Public Security and SAMR takes effect from November 28, 2019. The Method provides a detailed list of what practices will be considered as (1) non-disclosure of collection and use rules; (2) failure to expressly state the purpose, method and scope of personal information collection and use; (3) collecting or using personal information without the consent of users; (4) collecting personal information unrelated to the services which personal information processors provide in violation of the principle of necessity; (5) providing others with personal information without the consent of users; (6) failure to provide the function of deleting or correcting personal information or failure to disclose the method of complaints and reports.

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Legal Supervision over Anti-Unfair Competition

The Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) was promulgated by the SCNPC on September 2, 1993, and was most recently revised on June 27, 2025, and became effective on October 15, 2025. It prohibits unfair competition activities including false or misleading commercial publicity, commercial defamation, trade secret infringement, and other acts that disrupt market order. Operators shall follow the principles of voluntariness, equality, fairness, and good faith in market transactions, and comply with laws and business ethics. Violations may result in fines, confiscation of illegal gains, revocation of business licenses, and in serious cases, criminal liability.

Legal Supervision over Intellectual Property Rights

Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》)(Order No. 11 of the President of the PRC) which was promulgated by the Standing Committee of the National People’s Congress on March 12, 1984, came into effect on April 1, 1985, revised on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020, the State Intellectual Property Office is responsible for managing patent work of the whole nation. The patent management departments of the people’s governments of each province, autonomous region and municipality directly under the central government are responsible for the patent management in their respective administrative regions. Chinese patent system adopts the principle of “prior application,” i.e. where two or more applicants file applications for patent for the identical invention or creation respectively, the patent right shall be granted to the applicant whose application was filed first. If one wishes to file application for patent for invention or utility models, the following three standards must be met: novelty, creativity and practicability. The validity period of a patent for invention is 20 years, while the validity period of utility models and design is 10 years. Others may use the patent after obtaining the permit or proper authorization of the patent holder, otherwise such behavior will constitute an infringing act of the patent right.

Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (Order No. 29 of the President of the PRC) which was issued by the Standing Committee of the National People’s Congress on August 23, 1982, came into effect on March 1, 1983 with latest amended on April 23, 2019, and became effective on November 1, 2019 and the PRC Trademark Law Implementing Regulations (《中華人民共和國商標法實施條例》) (Order No. 651 of the State Council), which was issued by the State Council on August 3, 2002, came into effect on September 15, 2002, amended on April 29, 2014 and came into effect on May 1, 2014. The trademark bureaus under the State Administration for Market Regulation are responsible for trademark registration and authorizing registered trademarks for a validity period of 10 years. Trademarks may be renewable every ten years where a registered trademark needs to be

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used after the expiration of its validity period. Trademark registrants may license, authorize others to use their registered trademark by signing up a trademark license contract. The trademark license agreements shall be submitted to the trademark office for recording. For trademarks, trademark law adopts the principle of “prior application” with respect to trademark registration. Where a trademark under registration application is identical with or similar to another trademark that has, in respect of the same or similar commodities or services, been registered or, after preliminary examination and approval, this application for such trademark registration may be rejected. Anyone applying for trademark registration shall not prejudice the existing right first obtained by anyone else, or forestall others in registering a trademark which others have already begun to use and which has “sufficient degree of reputation.”

Copyright Law

The Copyright Law of the PRC (《中華人民共和國著作權法》) (Order No. 31 of the President of the PRC) which was issued by the Standing Committee of the National People’s Congress on September 7, 1990, revised on October 27, 2001, February 26, 2010, November 11, 2020 and came into effect on June 1, 2021 provides that works of PRC citizens, legal persons or other organizations, which include, works of literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, enjoy copyright in their works. Copyright holders may enjoy multiple rights, which include the right of publication, the right of authorship and the right of reproduction.

Computer Software

In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and last amended on March 2013, Chinese citizens, legal persons or other entities own the copyright in software developed by them, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of communication through network, translation right and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on April 1992 and last amended on February 2002, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts may be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

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The Several Policies on Further Encouraging the Development of the Software and the Integrated Circuit Industries (《進一步鼓勵軟件業和集成電路業發展的若干政策》) which was promulgated by the State Council on January 28, 2011 and came into effect on the same date specifies a series of policies on tax preference, promotion of investment, scientific research, talent support, intellectual properties for the software industry. Furthermore, the Several Policies on Promoting the High-quality Development of the Integrated Circuit Industries and the Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》) which was promulgated by the State Council on July 27, 2020 and came into effect on the same date sets forth further policies on tax preference, promotion of investment, research and development, import and export, talent support, intellectual properties for the software industry.

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (Order No. 43 of the Ministry of Industry and Information Technology), which was issued on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology shall be responsible for managing internet network domain names in the PRC. The principle of “first-to-file” is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information relating to the domain name to be applied for, and sign the registration agreements as well. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

Legal Supervision over Labor Protection and Social Insurance

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated on July 5, 1994, came into effect on January 1, 1995, and was amended on August 27, 2009 and December 29, 2018, employers shall establish and improve their system of work place safety and sanitation, strictly abide by State rules and standards on work place safety, educate employee in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with national standards. Employers shall provide employees with workplace safety and sanitation conditions which are in compliance with State stipulations and relevant articles of labor protection.

According to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, employment contracts shall be concluded in writing if employment relationships are to be or have been established between employers and the employees. Employers are forbidden to force the employees to work beyond the statutory time limit and employers shall pay employees for overtime work in accordance with national regulations. In addition, the wages shall not be lower than local standards on minimum wages and shall be paid to the employees timely. And the Implementation Regulation on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (Order No. 535 of the

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State Council) which was issued by the State Council on September 18, 2008 and came into effect on the same day, regulates both parties through a labor contract, namely the employers and the employees, and contains specific articles involving the terms of the labor contract. Meanwhile, it is stipulated that labor contracts must be concluded in written forms, upon reaching an agreement after due negotiation, an employer and an employee may enter into a fixed-term labor contract, a non-fixed-term labor contract or a labor contract that concludes upon the completion of certain work assignments. After reaching an agreement upon due negotiation with employees or by fulfilling other circumstances in line with legal conditions, an employer may legally terminate a labor contract and dismiss its employees. Labor contracts concluded before the enactment of Labor Contract Law and existing during its effective term shall continue to be honored. With respect to circumstances where an employment relationship has already been established without the conclusion of a written labor contract, the written labor contract shall be concluded within one month from the date when the employee commences work.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and came into effect on July 1, 2011 and was amended 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 promulgated and came into effect on January 22, 1999, and was amended on March 24, 2019, the Regulations on Work-Related Injury Insurance (《工傷保險條例》), which was promulgated on April 27, 2003, came into effect on January 1, 2004 and was amended on December 20, 2010, the Regulations on Unemployment Insurance (《失業保險條例》) (Order No. 258 [1999] of the State Council), which was promulgated and came into effect on January 22, 1999, and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) (Lao Bu Fa [1994] No. 504), which was promulgated on December 14, 1994 and came into effect on January 1, 1995, employers in the PRC shall provide their employees with benefit programs including basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. Employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them, and their executive staffs and other directly responsible persons shall be fined RMB500 to RMB3,000. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the relevant administrative department.

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Pursuant to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) (Order No. 262 of the State Council), which was promulgated on April 3, 1999, became effective on the same day, and was amended on March 24, 2002 and March 24, 2019, respectively, the housing provident fund contributions made by an individual employee and housing provident fund contributions made by his or her employer shall be owned by the individual employee. Employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund deposit registrations with the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process the deposit registration provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center may order such enterprises to pay up the amount within a prescribed period; if those enterprises still fails to comply with the regulations upon the expiration of the above-mentioned time limit, further application may be made to the People’s Court for mandatory enforcement.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was issued by the General Office of the Communist Party of China (中共中央辦公廳) and the General Office of the State Council (國務院辦公廳) of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局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》) (Shui Zong Fa [2018] No. 174) issued on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years. Notice of the General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發<降低社會保險費率綜合方案>的通知》) issued on April 1, 2019 generally reduces the social insurance contribution burden of enterprises, underlines that the duties for collection of social insurances premium paid by the enterprises in any province shall not be transferred to tax authorities until the condition of the province is mature, and re-emphasizes that local authorities shall not conduct centralized self-collection of historical unpaid social insurance contributions from enterprises.

Regulations Relating to Outbound Investments by Enterprises

Pursuant to the Provisions of the State Council on Outbound Investment (《國務院關於對外投資的規定》) promulgated on May 5, 2026 and effective from July 1, 2026, as an administrative regulation, it establishes the overarching legal framework for the administration

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of outbound investment by domestic investors. The Provisions apply to outbound investment by domestic investors, including enterprises, other organizations and resident individuals, who directly or indirectly obtain ownership, control or management rights of enterprises or assets in other countries or regions through investment of assets or equity, or provision of financing or guarantee. The State implements classified and graded whole-process supervision over outbound investment, with the investment competent department and commerce competent department of the State Council formulating, adjusting and implementing outbound investment policies to clarify encouraged, restricted and prohibited outbound investments. Investors shall, in accordance with relevant state regulations, complete procedures including approval/filing, information reporting and cross-border fund registration. The State establishes an outbound investment security review system, under which outbound investments that affect or may affect national security shall be subject to security review by the investment competent department and commerce competent department of the State Council in conjunction with other relevant departments.

Pursuant to the Administrative Measures on Outbound Investments (《境外投資管理辦法》), which was promulgated by the MOFCOM on March 16, 2009, lastly amended on October 6, 2014, overseas investments of enterprises involving sensitive countries and regions and sensitive industries shall be subject to examination and approval by the competent department of commerce and other overseas investments of enterprises shall be subject to filing. The competent department of commerce shall carry out the administration of overseas investments of enterprises through the overseas investment administration system, and issue to enterprises which have obtained filing or approval a Certificate of Overseas Investments of Enterprises. When the domestic institution invests in an overseas enterprise through its overseas subsidiary, it shall report to the competent department of commerce after completing the overseas legal formalities of reinvestment.

Pursuant to the Administrative Measures for the Outbound Investments by Enterprises (《企業境外投資管理辦法》), which was promulgated by the NDRC on December 26, 2017 and became effective on March 1, 2018, projects subject to approval are sensitive projects to be carried out by investors either directly or through overseas enterprises controlled thereby and the approval authority is NDRC. Projects subject to filing are non-sensitive projects directly carried out by investors.

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009 and the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of 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》) promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and was partially repealed on December 30, 2019, stipulates that, upon obtaining the approval for overseas investment, the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

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Regulations Relating to Stock Incentive Plans

SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Used for Domestic Individuals’ Participation in Equity Incentive Plans of Companies Listed Overseas (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) or the Stock Option Rules on February 15, 2012, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. These rules are applicable to the Company as an H-share issuer, as PRC citizens and non-PRC citizens who reside in China participating in the Company’s stock incentive plans are required to comply with the foregoing registration requirements.

Overseas Listing Regulations

On February 17, 2023, CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and relevant guidelines. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of the PRC domestic companies, either directly or indirectly, into a filing-based system.

According to the Overseas Listing Trial Measures, the PRC domestic companies that seek overseas offering and listing, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and submit relevant information. The Overseas Listing Trial Measures provide that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) listing and financing is explicitly prohibited by provisions in the PRC laws, administrative regulations or relevant State regulations; (ii) overseas offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with the law; (iii) the domestic enterprises or their controlling shareholders or actual controllers have committed crimes such as corruption, bribery, embezzlement of property, misappropriation of property or disruption of the order of the socialist market economy during the latest three years; (iv) the domestic enterprises are under official investigation in accordance with the law for any suspected crime or severe violations of laws and regulations without any explicit conclusions; or (v) there are major ownership disputes over the stock rights held by the controlling shareholders and/or such shareholders as controlled by the controlling shareholders or actual controllers.

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

Regulations Relating to H-Share “Full Circulation”

Pursuant to the Guidelines for the Application of “Full Circulation” of Domestic Unlisted Shares by H-Share Companies (《H股公司境內未上市股份申請“全流通”業務指引》), which was promulgated by the CSRC on November 14, 2019 and most recently amended on August 10, 2023, H-share companies may, in compliance with relevant laws and regulations as well as state-owned asset management, foreign investment, and industry regulatory policy requirements, apply to the CSRC for the conversion of domestic unlisted shares into overseas listed shares for trading on the Hong Kong Stock Exchange. “Full Circulation” refers to the conversion of domestic unlisted shares (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares issued domestically after overseas listing, and unlisted shares held by foreign shareholders) of an H-share company into shares listed on the Hong Kong Stock Exchange. Once converted, such shares may not be converted back to domestic unlisted shares. The CSRC filing under the Overseas Listing Trial Measures may be submitted simultaneously with the initial public offering for “Full Circulation” purposes.

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LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN SPAIN

Information disclosed in this section is relevant Spanish laws, regulations and regulatory documents in effect which have a significant impact on the operations and business of Spanish Subsidiaries (“**Operations**”) as of the date of this Document, which are subject to change in the future, but it does not include a detailed analysis of Spanish Laws and Regulations related to Operations in the Spain, or serve as all Spanish Laws and Regulations applicable to Operations of Spanish Subsidiaries in Spain.

General Laws and Regulations in Relation to the Operation

According to the information provided, the Operation of Spanish Subsidiaries are all similar and consist of accounting, bookkeeping, auditing and tax advisory services, and combined administrative services, other business management consultancy activities and other business support activities. However, these services will not be carried out by Spanish Subsidiaries directly but indirectly through other qualified professionals, and therefore the main operation of Spanish Subsidiary consist of intermediation of these services with local qualified professionals.

Assuming that the main Operation of Spanish Subsidiaries are advisory or consulting services as described above, in principle, is a freely practiced that no need to be a member of any professional association nor apply for a special permit, however, it must comply with the following main regulations: (I) the Spanish Corporate law (Royal Legislative Decree 1/2010, of July 2, approving the revised text of the Spanish Corporate Law) and (ii) Royal Decree 1784/1996, of July 19, approving the Commercial Registry Regulations, which establish the bases and requirements for them to be duly constituted, registered, and operational from a commercial perspective.

In addition to the commercial regulations with which Spanish Subsidiaries must comply, this type of company must also comply with tax regulations, including registering with the Census of Entrepreneurs, Professionals, and Withholders using the corresponding tax form, and subsequently complying with the general tax, accounting, and commercial obligations that all companies operating in Spain must comply with.

Main Difference Between General Advisory or Consulting Services, and Administrative Management Services (“*Gestors Administrativos*”)

In general, advisory or consulting firms provide accounting, labour and tax advice. Administrative managers, on the other hand, can handle administrative procedures on behalf of their clients, which consulting firms cannot do.

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Administrative managers can therefore manage and advise on general administrative matters, such as the online processing of vehicle registrations and transfers through the DGT (General Directorate of Traffic). All vehicle processing services are centralised through the Association of Administrative Managers. They also provide management and defence in tax and financial matters, as well as in labour and commercial matters.

To set up a company dedicated to administrative management, administrative management professionals are required. Administrative agents or managers are professionals who, without prejudice to the power of representation conferred on interested parties by Article 24 of the Administrative Procedure Act, regularly promote, request and carry out all kinds of procedures that do not require legal techniques reserved for lawyers. These procedures relate to matters in the interest of natural or legal persons, at their request, before the Public Administration. Administrative agents inform their clients of the status and progress of these procedures (in accordance with Article 1 of the Statute of the Administrative Management Profession).

Main Regulations and Requirements for Administrative Management Services

The profession of administrative management must be exercised personally, without the intervention of any other person, and may only be assisted by authorized employees to carry out administrative procedures in accordance with the provisions of the Article of the Profession of Administrative Managers/agents. An essential requirement for the exercise of the profession of Administrative Manager is membership of the Association of Administrative Managers (*Colegio de gestors Administrativos in Spanish*) in whose jurisdiction the professional domicile, whether sole or principal, is located. This membership will enable the profession to be practiced throughout the national territory, under the terms established by the Law on Professional Associations and the Article of the Profession.

When an administrative manager establishes an auxiliary office/company within the association’s jurisdiction in which they practice the profession, they must notify the Governing Board of the Association of Administrative Managers.

Administrative Managers must adopt, in the name used to distinguish their office, the first and last names of the manager himself, preceded or followed by the words “administrative agency” or “administrative manager.” Administrative managers must exercise their profession personally, without the intervention of any other person, and may associate or group together with other registered administrative managers and be assisted by authorized employees, all in accordance with the provisions of the Professional Article (Decree 424/1963, of March 1, approving the Organic Statute of the profession of Administrative Manager/Agent) and the Regulations governing the personal practice of the profession of Administrative manager, in accordance with Articles 20 and 21 of the Organic Statute of the profession, as amended by Royal Decree 2532/1998, of November 26.

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The requirements for entering the profession of administrative manager are as follows:

- i. Be a Spanish citizen or a foreigner residing in Spain, from a country that grants reciprocity of qualifications and categories.
- ii. Be of legal age.
- iii. Not have been convicted of any offense that disqualifies you from holding public office.
- iv. Provide proof, by means of a certificate from the General Council of Professional Associations, that there are no adverse records in its files.
- v. Pass the required aptitude tests.
- vi. Be registered for the taxes corresponding to the profession of Administrative Manager.
- vii. Be a member of an Official Association of Administrative Managers and have paid the membership fees for said association and the fees for issuing the professional qualification.
- viii. Pass the required entrance exams or obtain an Official Master’s Degree in Administrative Management, recognized by the General Council.
- ix. Apply for the title of Administrative Manager.
- x. Hold one of the following academic degrees:
 - o Bachelor’s degree in Law.
 - o Bachelor’s degree in Economics.
 - o Bachelor’s degree in business studies.
 - o Bachelor’s degree in political science.

In practice, also is common to be required to have civil and professional liability insurance.

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The Commercial Register, Professional Associations and Competent Bodies

The Commercial Registry is the main administrative body that a general service advisory or consulting firm must take into account, since its correct registration implies the possibility of exercising and properly providing its services as a company.

The Commercial Registry is the main legal instrument for providing security to commercial transactions and for formalizing business deals. Registry entries are made after a registry qualification: control of the legality and validity of the content of corporate acts and agreements and of the capacity and legitimacy of those who sign them.

Each Registry is run by one or more commercial registrars. The registrar is a professional jurist who performs a public function: they assess and control, under their own responsibility, the legality of all documents that must be entered in the Registry.

There is also a single Central Commercial Registry that is responsible for assigning names to companies and commercial entities.

The Commercial Registry is a public office under the Directorate General of Registries and Notaries of the Ministry of Justice and exists in all provincial capitals and in the cities of Ceuta, Melilla, Ibiza, Mahon, Arrecife, Puerto del Rosario, Santa Cruz de la Palma, San Sebastián de la Gomera, Valverde, and Santiago de Compostela.

As a result of this registry control, entries in the Commercial Registry have strong legal effects:

- The content of the Registry is presumed to be accurate and valid.
- The acts registered are enforceable against third parties acting in good faith.
- The entries in the Registry are under the protection of the Courts and will remain in effect until a judicial declaration of their inaccuracy or nullity is registered. A judicial declaration of inaccuracy or nullity shall not prejudice the rights of third parties acting in good faith, acquired in accordance with the law.

In this way, companies, citizens, and public administrations avoid high transaction costs, having at their disposal sufficient accredited information about the entities with which they intend to contract and their legal and economic situation.

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As administrative managers/agencies, in addition to being registered in the commercial register and complying with commercial regulations, they must comply with the professional regulations mentioned above. The main body in this regard is the Association of Administrative Managers/Agents, which is a professional association created in accordance with the Law on Professional Associations, with delegated public powers, including:

- Regulation of professional practice.
- Institutional representation of the profession.
- Ethical and disciplinary control.
- Defense of the interests of members and users.

There are regional associations (by communities or districts) coordinated by the General Council of Associations of Administrative Managers of Spain.

In this way, the Association of Administrative Managers ensures that only those who meet the legal requirements can practice as administrative managers, thus preventing professional intrusion.

The General Council of Associations of Administrative Managers is the channel for professional relations with the General State Administration, through the Ministry of Public Administration (now the Ministry of Finance and Public Service).

EU Authorised Representative

As some of the Spanish subsidiary companies act as EU Authorized Representatives, we will now explain the general concept of this role, its main regulations, functions and responsibilities in Spain.

As a general definition, an EU Authorized Representative (EU-REP/EC-REP) is a natural or legal person established in the European Union who receives a written mandate or agreement from a manufacturer outside the European Union to act on their behalf before the competent authorities of the EU Member States, in this case before the Spanish authorities. This figure acts as an intermediary and point of contact for market surveillance and, in certain cases, for notified bodies or sectoral authorities, generally market control and product surveillance authorities.

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Although the concept and definition are similar across all regulations, their application varies depending on the specific sector or product being regulated. The main regulations are:

At the European level:

- Directive 2006/42/EC and Regulation 2023/1230 on machinery safety.
- Directive 2000/14/EC on noise emissions (from machinery)
- EU Regulation 2023/988 on General Product Safety (GPSR).
- Various directives for electronic devices such as Directive 2014/35/EU, Directive 2014/30/EU, Directive 2014/53/EU, Directive 2011/65/EU, and Regulation (EU) 2023/1542 of the European Parliament and of the Council of July 12, 2023, on batteries and accumulators and waste batteries and accumulators, amending Directive 2008/98/EC and Regulation (EU) 2019/1020, and repealing Directive 2006/66/EC.
- Regulation 305/2011 and Regulation 2024/31 on construction products.
- Directive 2009/48/EU on toy safety.
- European Regulations 2017/745 (MDR) and 2017/746 (IVDR).
- Other regulations: EU Regulation 2016/426, Directive 2014/34/EU, Directive 2013/29/EU, Directive 2009/125/EC, EU Regulation 2016/425, and Directive 2014/68/EU (Article 4.5 of Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and conformity of products and amending Directive 2004/42/EC and Regulation (EC) No 765/2008 and (EU) No 305/2011).

At the local level, Spain incorporates the regulation of the authorized representative through the direct application of EU Regulations in sectors where such a representative is mandatory (e.g., CE marking or GPSR). That is to say: there is no single general “Spanish law on authorized representatives,” but rather the role operates by virtue of transposed or directly applicable European regulations, with its substantive regulation originating from the EU and its control and enforcement carried out by competent Spanish authorities (market, industrial safety, sectoral agencies). The main Spanish regulations requiring this figure are:

- Royal Decree 1055/2022, of December 27, on packaging and packaging waste. This regulation mandates that a producer established in another Member State or in third countries who markets packaging in Spain must designate a natural or legal person established in Spain to fulfil producer obligations. If no such representative is designated, the first distributor or trader in Spain shall bear subsidiary liability.

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- Royal Decree 110/2015, of February 20, on Waste Electrical and Electronic Equipment (WEEE) incorporates Directive 2012/19/EU of the European Parliament and of the Council of July 4, on Waste Electrical and Electronic Equipment into Spanish law; it includes the new provisions of Law 22/2011, of July 28; and repeals the previous Royal Decree on WEEE to address issues identified in its implementation and incorporate experience gained in this rapidly evolving sector since the original regulation’s publication in 2005. This regulation also defines and regulates the role of the authorized representative; and
- Royal Decree 106/2008, of February 1, on batteries and accumulators and the environmental management of their waste.

Specific obligations vary by sector but typically, but mainly include:

- Verifying technical documentation and the EU Declaration of Conformity.
- Maintaining records available to national authorities.
- Serving as the primary point of contact for local authorities.
- Cooperating with inspections or requests from authorities.
- Report incidents or regulatory changes affecting the product (especially in sectors such as medical devices).
- Safeguard technical documentation for the legally required period.

Main General Tax Obligations

As an advisory and/or consulting company, it is important to comply with tax obligations. The main tax obligations, among others, for a company registered in Spain are:

- a. Census declaration. All companies that wish to carry out economic activities and/or pay income subject to withholding and payment on account must apply for registration in the Census of Entrepreneurs, Professionals, and Withholders.
- b. Tax on Economic Activities or IAE. This is a direct tax of a real nature that is levied on the exercise of business, professional, or artistic activities in national territory, whether or not they are carried out in a specific location and whether or not they are specified in the tax rates. However, companies with a net turnover of less than one million euros are exempt from IAE (Article 35.4 of Law 58/2003, of December 17, General Taxation).

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- c. Value Added Tax (VAT). The supply of goods and services carried out in the territory where the tax applies by entrepreneurs or professionals for consideration, in the course of their economic activities, is subject to VAT. Natural persons, legal persons, and entities without legal personality are liable for this tax.

VAT is applied in mainland Spain and the Balearic Islands, including the adjacent islands, the territorial sea up to a limit of 12 nautical miles, and the airspace corresponding to all these territories.

The Canary Islands, Ceuta, and Melilla are excluded from the scope of the tax.

If the company also carries out transactions with other European Union member states, it must submit form 349 (Informative Declaration. Recapitulative statement of intra-Community transactions) and have an intra-Community operator registration number (ROI).

The tax rate for the provision of services is the general rate of 21%.

- d. Corporation tax. This is a tax on the income of companies and certain entities resident in Spanish territory. As a general rule, taxpayers must file a corporation tax return, even if they have not carried out any activities during the tax period or have not obtained any income subject to tax, as long as they have not been dissolved. Entities that meet any of the following requirements are considered residents in Spanish territory:

- They have been incorporated in accordance with Spanish law.
- They have their registered office in Spanish territory.
- They have their effective place of management in Spanish territory (where the management and control of all their activities are located).

It is therefore important to determine the income and expenses that are tax-deductible and to settle this tax using forms 200 (annual, before July of each year) and 202 (for payments on account, submitted quarterly).

The general tax rate is 25%, but in the case of newly incorporated companies that are starting their economic activity, 15% is paid during the first two years.

- e. Personal Income Tax (IRPF). Companies that have employees must manage this tax for their employees. To do so, form 111 (Withholdings and payments on account. Income from work and economic activities, prizes and certain capital gains and income allocations. Self-assessment) form must be submitted quarterly, and form 190 (Informative Declaration. Withholdings and payments on account. Income from

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work and economic activities, prizes and certain capital gains and income allocations. Annual summary) must be submitted annually (for information purposes). Companies that are holders of lease agreements must also declare quarterly, using form 115 (Withholdings and payments on account. Income or returns from the lease or sublease of urban properties), the withholdings made to the lessor for the rents in which their activity takes place.

Real Estate: Leasing, and Subleasing

As a general rule, the leasing of offices and premises is subject to the principle of freedom, unless the law states otherwise.

Urban leases are currently governed by the revised text of the Urban Lease Law (LAU), approved on 24 November 1994. In particular, Title III deals with leases for purposes other than housing.

As a general rule, its permitted to sublet the office or premises or assign the lease without the lessor’s consent. However, it should be noted that the landlord always has the right to increase the rent by 10% in the case of a partial sublease and by 20% in the case of a transfer of the contract or a total sublease of the leased property.

Both the transfer and the sublease must be notified to the landlord in a reliable manner within one month of their conclusion. If the lease agreement contains a clause prohibiting subleasing, the tenant may not do so.

If the above does not apply, the Spanish Civil Code will apply in the event that the rules established by the parties and by the LAU leave gaps that remain unresolved.

Employment

In Spain, labour relations are generally regulated by Royal Legislative Decree 2/2015 of October 23, which approves the Workers’ Statute (hereinafter “**ET**”), without prejudice to collective bargaining agreements that may regulate important issues relating to labour relations for employees: This is done through collective agreements, i.e., agreements signed between employees’ representatives and employers to regulate employment conditions in the chosen area (sub-company, company, or sector).

General Rules on Hiring and Working Hours

Form of contract: Employment contracts in Spain are generally in writing. In fact, a private employment contract is usually drawn up detailing the conditions agreed between the company and the employee, and a standard contract (form) is then filled out to be submitted to the labour authority.

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Types of contracts:

There are many types of contracts in Spain. Generally speaking, the most common is the indefinite contract, but the following table lists all the types of contracts that exist, along with their characteristics, what they are used for, and their duration:

<u>Types of contract</u>	<u>Purpose</u>	<u>Maximum duration</u>
Indefinite	Standard form of contract	No limit
Temporary due to production circumstances	Occasional or unpredictable peaks in activity	6 months (extendable to 12 months)
Temporary due to replacement . . .	To cover someone who is on standby or has a vacancy in the selection process	Until the worker is reinstated or 3 months
Fixed-discontinuous	Seasonal or intermittent work with fixed periods	Indefinite, with inactivity $\leq$ 3 months (except by agreement)
Part-time	Part-time work	No limit
Remote work	Remote work for more than 30% of the working day in 3 months	No limit
Training – Professional internship .	Recent graduate for professional practice	6 months – 1 year
Training – Work-study program . .	To combine employment and formal training	3 months – 2 years
Assignment through a temporary employment agency (ETT)	Temporary employment agency hires and assigns to user company	Same limits as the temporary contract
Senior management	Employment relationship for executive managers	No limit

As explained above, the permanent/indefinite contract is the most commonly used, however, depending on the purpose, different options are available.

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General terms and conditions:

- o The minimum age for working in Spain is 16 with parental consent. From the age of 18, this consent is not required.
- o The minimum wage is €1,134/month. Salaries cannot be paid in periods longer than one month (The government has proposed increasing the minimum wage in 2026 by 3.1%, bringing it to €1,221 gross per month in 14 payments (€17,094 per year), without income tax).
- o The working week is 40 hours.
- o Trial period: as a general rule and in the absence of provisions in the collective agreement:
 - Six (6) months for qualified technicians.
 - Two (2) months for other workers. In companies with fewer than twenty-five employees, the trial period may not exceed three (3) months for those who are not qualified technicians.
 - One (1) month for fixed-term temporary contracts for a period not exceeding six months.

Training contracts and special employment relationships (domestic workers, senior management, etc.) have their own specific probationary periods.

Maximum length of the working day: The maximum working hours depend on collective agreements or individual employment contracts (without contravening the provisions of the applicable collective agreement).

In the absence of an agreement, the company may distribute 10% of the working hours irregularly throughout the year. The company must ensure that a daily record of working hours is kept, which must include the specific start and end times of each employee's working day, without prejudice to any flexible working hours that may be established, and these records must be kept for four years (they must be available to employees, their legal representatives, and the Labor and Social Security Inspectorate). In addition, employees have the right to digital disconnection to ensure that, outside of legal or conventionally established working hours, their rest periods, leave, and vacations, as well as their personal and family privacy, are respected.

Overtime: Overtime is any work performed in excess of the maximum length of the ordinary working day. By collective agreement or, failing that, by individual contract, a choice shall be made between paying overtime at the rate set, which in no case may be less than the

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value of the ordinary hour, or compensating it with equivalent paid time off. If not compensated by time off, overtime may not exceed 80 hours per year. Compensation by equivalent time off, in the absence of an agreement, must be taken within four months of the overtime being worked. In general, overtime is voluntary.

Breaks/public holidays/vacation/paid leave: A minimum of one and a half uninterrupted days off per week is mandatory, which can be accumulated for periods of up to 14 days. Official public holidays cannot exceed 14 days per year.

Employees are entitled to a minimum of 30 calendar days of holidays (Generally is 22 labour days), which cannot be replaced by financial compensation, except in cases of termination of the contract with holidays time pending.

Employees are entitled to paid leave in certain circumstances, such as marriage, performing trade union duties, fulfilling unavoidable public and personal obligations, breastfeeding, change of habitual residence, accident or serious illness, hospitalization or death of relatives up to the second degree of consanguinity or affinity, prenatal examinations and childbirth preparation techniques, etc.

Reductions in working hours and the right to adapt the duration and distribution of the working day: Employees may be entitled to a reduction in their working hours in certain circumstances, such as for the direct care of children under 12 years of age.

Employees are also entitled to request adjustments to the duration and distribution of their working hours, in the organization of their working time and in the way their work is performed, including teleworking, in order to exercise their right to a work-life balance. In the case of employees with children, this right shall exist until the children reach the age of 12.

Substantial changes to working conditions: Employers may substantially modify the working conditions of employees (working hours, schedule, salary, duties, among others) provided that there are proven economic, technical, organizational, or production reasons and that the legal procedure is followed (15 days' notice in the case of individual modifications or a consultation period with employee representatives in the case of collective modifications).

Termination of employment contracts: In the event of termination by the employer, there are three main grounds for dismissal of an employee:

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Collective dismissal

A special process is followed and must be justified on collective economic, technical, organizational, or production grounds whenever it affects, within a period of 90 days, at least:

- All staff if the number of people affected exceeds five and there is a total cessation of business activity.
- At least 10 employees in companies with fewer than 100 employees.
- 10% of employees in companies with between 100 and 300 employees.
- 30 employees in companies with 300 or more employees. The legally established compensation consists of 20 days’ salary per year of service, with a maximum of 12 monthly payments, or higher compensation if agreed, and the requirements for notification of individual objective dismissals must be met.

Objective causes dismissal

For reasons such as:

- Ineptitude of the employee known or discovered after their effective placement in the company.
- Failure of the employee to adapt to changes in their job.
- When there are economic, technical, organizational, or production reasons (see the definition of the causes in the case of collective dismissal). Etc. The employee must be given at least 15 days’ notice (which may be replaced by payment of the corresponding wages) and written notification.

The compensation (20 days’ salary per year of service, up to a maximum of 12 months’ salary) must be made available to the employee at the same time as the written notice of dismissal is delivered.

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Dismissal by disciplinary action

Serious and culpable breach by the employee:

- Repeated and unjustified absences.
- Discipline or disobedience.
- Physical or verbal offenses against the employer.
- Breach of contractual good faith and abuse of trust.
- Voluntary reduction in work performance.
- Habitual drunkenness or drug addiction if it affects work.
- Harassment on the grounds of racial or ethnic origin, religion or beliefs, disability, age or sexual orientation, and sexual harassment or harassment on the grounds of sex against the employer or persons working in the company. Disciplinary dismissal must be communicated in writing, stating the reasons and the date on which it takes effect. Failure to comply with the above formalities may result in a new dismissal within 20 days, with the employee being paid the wages for the period between the date of dismissal and the date of the new notification.

Compensation for unfair dismissal is calculated on the basis of 33 days’ salary per year worked, up to a maximum of 24 months’ salary.

Industrial and Intellectual Property

In Spain, industrial property protection requires prior registration with the relevant industrial property office. Furthermore, as a general rule, Spain operates a *first-to-file* system, meaning that priority rights are granted to the first applicant to file for registration. Use does not confer any rights against third parties, except in the case of well-known trademarks.

To apply for registration, official fees must be paid, the amount of which will depend on the type of right in question and circumstances such as the number of classes of goods or services for which a trademark is sought, territory, etc.

The main regulations governing industrial property in Spain are (i) Law 24/2015, of July 24, on Patents; (ii) Law 3/2000, of January 7, on the Legal Regime for the Protection of Plant Varieties; (iii) Law 11/1988, of May 3, on the Legal Protection of Topographies of Semiconductor Products; (iv) Law 17/2001, of December 7, on Trademarks; and (v) Law 20/2003, of July 7, on the Legal Protection of Industrial Designs, which have led to the gradual repeal of the century-old Industrial Property Statute.

These essentially substantive rules must be supplemented by the provisions contained in Law 1/2000, of January 7, on Civil Procedure, whether of a general nature or specific to this area, which together allow to affirm that regulations are in line with European guidelines

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guaranteeing respect for industrial property and offering adequate and sufficient means for its judicial protection entrusted to the Commercial Courts following the amendment of the Organic Law on the Judiciary by Organic Law 8/2003, of July 9, which created them, although since the entry into force on January 23 of LO 1/2025, of January 2, on measures relating to the efficiency of the Public Justice Service, it falls to the Commercial Section of the Court of First Instance based in the capital of each province (art. 87 LOPJ). In turn, Articles 82.3 LOPJ and 87.10 LOPJ regulate the European Union Trademark Court, which is based in the Commercial Section of the Court of First Instance of Alicante and in the Section or Sections of the Provincial Court of Alicante specializing in commercial matters, in the first and second instances, respectively, extending its jurisdiction – for these exclusive purposes – to the entire national territory.

All of this is in addition to the criminal actions provided for in Articles 270 et seq. of the Criminal Code and the provisions contained in Regulation (EU) No. 608/2013 of the European Parliament and of the Council of June 12, 2013, on the enforcement of intellectual property rights by customs authorities, in force since July 19, 2013, and repealing Council Regulation (EC) No. 1383/2003, supplemented at the domestic level by Order EHA/2343/2006, of July 3, on the intervention of customs authorities in cases of declaration of goods suspected of infringing intellectual property rights, this expression being understood in the broad sense.

The Spanish Patent and Trademark Office (OEPM) is responsible for managing industrial property rights in Spain. Is an institution that depends to the Ministry of Industry, Trade, and Tourism, the OEPM acts as a public entity with legal personality and economic and administrative autonomy. Its main mission is to guarantee the protection of inventions, trademarks, industrial designs, and other manifestations of industrial property, in accordance with current national and international legislation.

The OEPM performs various key functions to ensure the protection of industrial property rights in Spain. Among the most notable are:

1. Management of files for the recognition and maintenance of industrial property rights, such as patents, trademarks, and industrial designs.
2. Regular dissemination of technological information and records, both nationally and internationally, contributing to transparency and access to information.
3. Application and promotion of international agreements on industrial property, facilitating Spain's participation in relevant treaties.
4. Promotion of knowledge about industrial property through activities and relationships with specialized organizations at the global level.
5. Issuing opinions and advice on industrial property issues to authorities, courts, and official entities.

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6. Resolution of conflicts through mediation and arbitration in the field of industrial property, in accordance with current regulations.

On the other hand, the main intellectual property regulation is found in Royal Legislative Decree 1/1996, of April 12, approving the revised text of the Intellectual Property Law, regularizing, clarifying, and harmonizing the legal provisions in force on the subject.

Data Protection

The general data protection regime for companies in Spain is governed by the European GDPR (General Data Protection Regulation) and the Spanish LOPDGDD (Organic Law 3/2018, of December 5, on Personal Data Protection and Guarantee of Digital Rights), which complements the GDPR, requiring companies to protect the personal data of their customers, employees, and suppliers, and to comply with the laws and regulations. Spanish companies must implement adequate security measures to protect the personal data they collect, process, and store.

In general, all individuals have the right to know what personal data is being collected and how it is being used, as well as the right to access, rectify, delete, object to the processing of, and limit the use of their personal data. Spanish companies must respect these rights and facilitate their exercise.

In some cases, companies may be required to appoint a data protection officer or carry out a data protection impact assessment, depending on the nature of the data processed by the company.

The Spanish company may collect customer data, such as their name, address, email, phone number, etc. Employee data, such as their name, address, social security number, salary, etc. Financial data such as credit card information, bank accounts, invoices, etc. Marketing data such as the email history and social media activity of its customers or prospects. As a result, the company will be obliged to guarantee the security of personal data, taking appropriate technical and organizational measures to do so, informing individuals about the processing of their data, guaranteeing their rights, and notifying the Spanish Data Protection Agency in the event of a data breach.

The Spanish Data Protection Agency is an independent administrative authority at the state level, as provided for in the Article 109 of Law 40/2015, of October 1, on the Legal Regime of the Public Sector, with its own legal personality and full public and private capacity, which acts with full independence from public authorities in the exercise of its functions. The Agency's headquarters are located in the city of Madrid, and it is linked to the Government through the Ministry of Justice.

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Its functions include (i) supervising the application of current regulations on personal data protection in order to protect the rights and freedoms of individuals with regard to processing and, in particular, exercising the functions established in Article 57 and the powers provided for in Article 58 of Regulation (EU) 2016/679 of the European Parliament and of the Council, of April 27, 2016, in Organic Law 3/2018, of December 5, and in its implementing provisions; (ii) supervising the application of current regulations on the guarantee of digital rights; (iii) issuing circulars establishing criteria; and (iv) exercising control over compliance with the provisions of Articles 4, 7, and 10 to 22 of Law 12/1989, of May 9, on the Public Statistical Function, and in particular with (a) the mandatory report on the content and format of questionnaires, census forms, and other documents for the collection of data for statistical purposes, rule on the processes of collection and processing of personal data for statistical purposes, (b) reporting on draft bills that require mandatory data and their compliance with the provisions of Article 7 of Law 12/1989, of May 9, on the Public Statistical Function, and (c) ruling on the security conditions of processing carried out for exclusively statistical purposes.

Money Laundering, Anti-Terrorism Law and Obligation to Cooperate in Reporting

The main regulations on the prevention of anti-money laundering and anti-terrorist financing include:

- Organic Law 9/2022 of July 28, which establishes rules facilitating the use of financial and other information for the prevention, detection, investigation, or prosecution of criminal offenses.
- Law 10/2010, of April 28, on the prevention of money laundering and terrorist financing.
- Law 19/2003, of July 4, on the legal regime governing capital movements and economic transactions with foreign countries.
- Law 12/2003, of May 21, on the blocking of terrorist financing.
- Law 40/1979, of December 10, on the Legal Regime for Exchange Control.
- As well as a series of royal decrees such as
 - Royal Decree 413/2015, of May 29, approving the Regulations of the Commission for the Surveillance of Terrorist Financing Activities.
 - Royal Decree 304/2014, of May 5, approving the Regulations of Law 10/2010, of April 28, on the prevention of money laundering.
 - Royal Decree 1816/1991, of December 20, on Foreign Economic Transactions. and

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- Royal Decree 1080/1991, of July 5, determining the countries or territories referred to in Article 2, paragraph 3, number 4, of Law 17/1991, of May 27, on Urgent Fiscal Measures, and Article 62 of Law 31/1990, of December 27, on the General State Budget for 1991.

The legislation establishes that certain entities and professionals are obligated parties. These include:

- Financial and insurance entities.
- Investment services companies.
- Real estate developers.
- Notaries and registrars.
- Lawyers, legal advisors, and legal agencies when they participate in specific transactions such as the sale of real estate, the management of funds or securities, the incorporation or management of companies, or the administration of trusts and fiduciary, provided that they are not acting as defence counsel in litigation or determining the legal position of their client.
- Legal consultancies that advise on the creation of companies or asset management.

The main obligations of legal and tax advisory companies are (i) to identify clients by collecting and retaining documentation on beneficial ownership; (ii) to analyse risk, as a professional, it is mandatory to perform a risk assessment of money laundering associated with the transaction; (iii) to report suspicious transactions to the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses; (iv) to keep documents for ten years from the date the transaction is executed or the business relationship ends; and (v) in certain cases, to have internal control and external audit or independent expert.

Failure to comply with the legislation may result in significant financial penalties, disqualifications (both administrative and criminal), and even criminal liability. Fines can reach up to €10 million or 10% of turnover.

The Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses (“SEPBLAC”) is Spain’s Financial Intelligence Unit, the only one in the entire country. SEPBLAC is also the Supervisory Authority for the prevention of money laundering and terrorist financing. SEPBLAC’s current organizational structure was approved by Resolution of the Standing Committee of the Commission for the Prevention of Money Laundering and Monetary Offenses on October 17, 2023. The Directorate, consisting of a Director and a Deputy Director, directly oversees three units that provide cross-cutting services and four divisions, two of which are Financial Intelligence (Operational and Strategic, which

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also includes international cooperation in intelligence matters) and two of which are Inspection (which also include the functions of Technical Secretariat and international cooperation as a supervisory authority). Each of these four Divisions is responsible for two Units.

Likewise, the Directorate, which has the technical support of the Bank of Spain’s IT Services Unit, has three functionally attached Units: the Central Financial Intelligence Brigade of the National Police Force, the Civil Guard Investigation Unit, and the State Tax Administration Agency Unit.

Alongside the hierarchical structure, SEPBLAC has established a horizontal structure to coordinate and integrate its activities, which is organized through a Management Committee and two Commissions.

Within the framework of the European Union (EU), SEPBLAC participates in the specialized Committee of European Supervisory Authorities and collaborates in the development of its rules and regulations.

Foreign Direct Investment (“FDI”)

Foreign investment in Spain is regulated by European requirements, through European Regulation 2019/452 of the European Parliament and of the Council of March 19, 2019, on the screening of foreign direct investments into the Union, and national regulations such as Royal Decree 571/2023 of July 4 on foreign investments. Under these rules, all foreign investments made in Spain must be declared, generally for administrative and statistical purposes, except for (i) investments from tax havens, which are generally also subject to prior administrative declaration, and (ii) foreign investments in activities directly related to national defence and investments in real estate by non-EU member states for their diplomatic headquarters, which are subject to prior authorization by the Council of Ministers.

Foreign investments in the sectors of air transport, radio, raw materials, minerals of strategic interest and mining rights, television, gambling, telecommunications, private security, manufacturing, marketing or distribution of weapons and explosives, and activities related to national defence (the latter also subject to an authorization regime) shall comply with the requirements established by the competent bodies set forth in specific sectoral legislation, without prejudice to the applicability of general rules once those requirements have been met.

Furthermore, the regime liberalising foreign direct investment in Spain has been suspended and, therefore, prior authorisation must be obtained if the foreign investor is directly or indirectly controlled by the government, including public bodies or the armed forces, of a third country.

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To avoid any doubt as to whether prior authorization is required for the investment, we recommend that Client consult the investment control authority, which generally responds within 30 days and whose response is binding for the Spanish authority, unless, after consultation, the Client has made any changes to the transaction or the form of the transaction, that differs from the transaction described in the initial consultation.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED KINGDOM

Overview

The Group conducts its UK operations through six subsidiaries incorporated in the United Kingdom (the “**UK Subsidiaries**”).

The UK Subsidiaries are subject to the laws and regulatory regimes applicable in the United Kingdom, including corporate, financial services, anti-money laundering and data protection legislation, depending on the nature of their respective businesses.

Regulatory requirements applicable to one UK Subsidiary may not apply to other UK Subsidiaries, depending on their respective permitted activities and regulatory status.

Regulations in Relation to Corporate Structure

The principal legislation governing the incorporation, organisation and operation of companies in the United Kingdom is the Companies Act 2006.

Each of the UK Subsidiaries is incorporated as a private limited company under the Companies Act 2006. The Companies Act 2006 regulates, among other matters, corporate governance, directors’ duties, shareholder rights, financial reporting, distributions, and filing and disclosure obligations.

Under UK law, foreign shareholders are generally permitted to establish and hold interests in UK companies without prior governmental approval. Changes to share capital, share transfers, and constitutional documents are subject to statutory procedures and public filing requirements but generally do not require regulatory consent, unless such changes affect a regulated entity’s permissions or control status.

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Regulations in Relation to Financial Services and Payment Activities

None of the UK Subsidiaries is authorised or regulated by the Financial Conduct Authority (“FCA”). The UK Subsidiaries do not, in the Company’s opinion, conduct regulated payment services or other activities requiring FCA authorisation under the Financial Services and Markets Act 2000 or the Payment Services Regulations 2017 (as amended).

The UK regulatory framework for payment services was established primarily through the transposition of the Payment Services Directive 2 (PSD2) into UK domestic law via the Payment Services Regulations 2017 (as amended). Following the United Kingdom’s withdrawal from the European Union on 31 January 2020, this regulatory framework continues to apply in the United Kingdom as domestic UK law.

Entities providing regulated payment services in the UK must be authorised by the FCA as payment institutions or registered as small payment institutions, and are subject to ongoing regulatory requirements, including those relating to:

- safeguarding of customer funds;
- capital and prudential requirements;
- governance and systems and controls;
- conduct of business rules; and
- regulatory reporting and supervision by the FCA.

As at the Latest Practicable Date, none of the UK Subsidiaries is required to obtain FCA authorisation or registration, as they do not carry on regulated payment services. However, the UK regulatory framework for financial services may continue to evolve independently of the European Union. Should the nature of the UK Subsidiaries’ activities change in the future, additional compliance requirements or regulatory authorisations may become necessary.

Regulations in Relation to Anti-Money Laundering and Counter-terrorist Financing

The UK Subsidiaries may be subject to UK anti-money laundering and counter-terrorist financing (“AML/CTF”) laws and regulations, which are broadly aligned with international standards issued by the Financial Action Task Force (FATF), depending on whether they fall within the scope of “relevant persons” under the applicable legislation.

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Key legislation and guidance include, among others:

- the Proceeds of Crime Act 2002;
- the Terrorism Act 2000;
- the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended (the “**MLR 2017**”); and
- guidance issued by the Joint Money Laundering Steering Group (JMLSG).

The MLR 2017 apply to a broad range of entities, including (but not limited to) credit institutions, financial institutions, auditors, accountants, lawyers, tax advisers, insolvency practitioners, external accountants, trust or company service providers, estate agents, high value dealers, and casinos.

Entities falling within the scope of the MLR 2017 are required to implement risk-based AML and CTF policies and procedures, including customer due diligence, ongoing monitoring, record-keeping, and reporting of suspicious activities. Certain regulated sectors are also subject to supervision by designated supervisory authorities.

All UK entities and persons are also subject to the criminal offences set out in the Proceeds of Crime Act 2002 and the Terrorism Act 2000, including offences relating to money laundering, terrorist financing, and the failure to report suspicious activity.

Failure to comply with applicable AML and CTF requirements may result in civil, criminal or regulatory sanctions, including imprisonment, unlimited fines, and administrative penalties.

Regulations in Relation to Data Protection and Privacy

The processing of personal data by the UK Subsidiaries is governed primarily by the UK General Data Protection Regulation (“**UK GDPR**”) and the Data Protection Act 2018.

The UK GDPR sets out principles governing the lawful processing of personal data, requirements relating to data security, and restrictions on cross-border data transfers. Data subjects have rights under the UK GDPR including rights of access, rectification, erasure, restriction of processing, data portability, and objection to processing. Data subjects also have the right to lodge complaints with the Information Commissioner’s Office (the UK’s data protection supervisory authority) and to seek compensation through the courts for material or non-material damage suffered as a result of breaches of the UK GDPR.

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The UK Subsidiaries are required to implement appropriate technical and organisational measures to protect personal data and may be subject to enforcement action, including administrative fines of up to the higher of €20 million or 4% of annual worldwide turnover for the most serious infringements, in the event of non-compliance.

Following the United Kingdom’s withdrawal from the European Union, the UK GDPR operates as a separate regime from the EU GDPR, and the UK government has the ability to diverge from EU data protection standards. Transfers of personal data from the UK to countries outside the UK (including to Hong Kong) require appropriate safeguards to be in place, such as adequacy decisions, standard contractual clauses, or binding corporate rules.

Regulations in Relation to Product Safety and Product Liability

Product safety. The principal general legislation is the General Product Safety Regulations 2005 (the “GPSR 2005”). Producers must not place a product on the market unless it is safe, and must take measures commensurate with the product, including withdrawal or recall where necessary. Distributors must act with due care and must not supply products they know or should presume to be dangerous. Both must notify the enforcement authority of products posing risks. Product-specific legislation supplements the GPSR 2005 in respect of, among other things, electrical and electronic equipment, machinery, toys and batteries. Where conformity assessment is required, products must bear the UKCA marking, although CE marking is recognised in Great Britain indefinitely for most regimes. Products placed on the Northern Ireland market remain subject to EU rules under the Windsor Framework. The Office for Product Safety and Standards and trading standards services may serve suspension, withdrawal and recall notices and bring criminal proceedings.

Reform. The Product Regulation and Metrology Act 2025 confers powers to make regulations governing the marketing and use of products. Consultations published on 31 March 2026 propose replacing the GPSR 2005 with a framework extending beyond consumer products, restructuring supply chain duties and imposing express obligations on online marketplaces and overseas distance sellers.

Product liability. Part I of the Consumer Protection Act 1987 imposes strict liability on producers, own-branders and importers into the United Kingdom, and on suppliers who fail to identify them, for death, personal injury or damage to private property caused by a product whose safety is not such as persons generally are entitled to expect. Limited defences apply, including for development risks. Liability cannot be excluded, and is subject to a ten-year long-stop. Liability may also arise in contract, principally under the Consumer Rights Act 2015, and in negligence.

Regulatory Risk

The UK regulatory environment applicable to corporate governance, financial services, payment services, anti-money laundering and data protection is complex and subject to change.

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Regulatory developments, including those arising from the United Kingdom’s withdrawal from the European Union and the UK government’s ongoing review of retained EU law, may result in additional compliance obligations or costs for the Group’s UK Subsidiaries. In particular:

- changes to the scope of regulated payment services or financial services activities could require the UK Subsidiaries to obtain FCA authorisation or registration;
- amendments to AML/CTF legislation or supervisory expectations could impose additional due diligence or reporting obligations;
- divergence between UK and EU data protection standards could complicate cross-border data transfers and increase compliance costs; and
- changes to corporate governance or reporting requirements could affect the administrative burden on the UK Subsidiaries.

Any such regulatory changes could adversely affect the Group’s business, financial condition and results of operations.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN GERMANY

Product Compliance

As a general rule, all products that are placed on the German market must be designed, manufactured and provided with appropriate user information (manuals, warning messages as well as safety signs and labels) in a way that does not pose hazardous risks to its user. This rule is reflected by rules and regulations within the Law on Product Safety/Market Surveillance and the Product Liability Law in Germany. Furthermore, a product may be subject to further legal requirements imposing formal requirements on the economic operators (manufacturers, importer and authorised representative amongst others) such as a specific certification or documentation of the product quality. Before entering the German market, a proper product compliance organization must be managed to ensure the fulfilment of the aforementioned requirements.

Whilst the majority of such compliance obligations are met either by the manufacturer or importer (if any), it is generally required to have at least one economic operator within the European Union itself. Hence, the need for an authorised representative if there is no importer. In exceptional cases, an authorised representative is mandatory if the manufacturer of a product is not established in one of the EU member states, for example Article 11 (1) of Regulation (EU 2017/745) on medical devices.

This section sets forth a summary of the principal legal framework applicable to our Business serving as authorized representatives.

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Product Safety Law

The relevant product safety law consists of European and German rules, such as the Market Surveillance Regulation (EU) 2019/1020, the German Market Surveillance Act (*Marktüberwachungsgesetz (MüG)*), the General Product Safety Regulation (GPSR) ((EU) 2023/988), the German Product Safety Act (*Produktsicherheitsgesetz (ProdSG)*), and a number of different European and national regulations apply to specific product groups. These rules and regulations apply automatically when a product enters the German market. According to Section 3 Market Surveillance Act and Article 6 Market Surveillance Regulation a product enters the market if it is offered on an online platform to consumers situated in the EU. All these rules and regulations are compulsory and cannot be excluded nor modified by a contractual agreement.

EU Market Surveillance Regulation

The Market Surveillance Regulation (EU) 2019/1020 (the “MSR”) establishes a comprehensive framework to ensure that products placed on or made available in the EU market comply with applicable EU harmonisation legislation, particularly regarding product safety, conformity, and fair competition. Most parts of this regulation have been fully applicable since July 16, 2021. Articles 29, 30, 31, 32, 33, and 36 have been applicable since January 1, 2021.

This regulation strengthens the powers of national market surveillance authorities and enhances cooperation between EU member states, customs authorities, and economic operators. It is designed to address challenges arising from global supply chains, online sales, and direct-to-consumer imports from third countries, ensuring that products sold to EU consumers meet the same regulatory standards regardless of their origin or sales channel. According to the Market Surveillance Regulation, economic operator means the manufacturer, the authorised representative, the importer, the distributor, the fulfilment service provider or any other natural or legal person who is subject to obligations in relation to the manufacture of products, making them available on the market or putting them into service in accordance with the relevant Union harmonisation legislation (Article 3 No. 13).

This regulation shall apply to products that are subject to the EU harmonisation legislation listed in Annex I (‘EU harmonisation legislation’) of this regulation, in so far as there are no specific provisions with the same objective in the EU harmonisation legislation, which regulate in a more specific manner particular aspects of market surveillance and enforcement.

Key objectives of this regulation include a) ensuring a high level of protection of public interests such as health, safety, and the environment; b) preventing the placement of non-compliant or unsafe products on the EU market; c) supporting a level playing field between EU-based and non-EU economic operators; d) enhancing enforcement effectiveness through improved market surveillance and controls at EU borders.

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According to Article 4 (1) of this regulation, a product subject to legislation referred to in Article 4 (5) may be placed on the market only if there is an economic operator established in the EU who is responsible for the tasks set out in Article 4 (3) in respect of that product. Unlike the definition of economic operator in Article 3 No. 13 of this regulation, the economic operator in Article 4 (1) only includes the following persons: a) a manufacturer established in the EU; b) an importer, where the manufacturer is not established in the EU; c) an authorised representative who has a written mandate from the manufacturer designating the authorised representative to perform the tasks set out in Article 4 (3) on the manufacturer’s behalf; and d) a fulfilment service provider established in the Union with respect to the products it handles, where no other economic operator as mentioned in points a), b) and c) is established in the EU. One category of such economic operators is the authorized representative. The authorized representative must be legally established in the EU. The manufacturer must appoint the authorized representative in writing, clearly defining the scope of authority and responsibilities. The authorized representative acts on behalf of the manufacturer in relation to specified compliance and liaison tasks with EU authorities.

The authorized representative is responsible, in particular, for a) keeping the declaration of conformity or declaration of performance at the disposal of market surveillance authorities for the period required by that legislation and ensuring that the technical documentation can be made available to those authorities upon request; b) providing that authority with all information and documentation necessary to demonstrate the conformity of the product in a language which can be easily understood by that authority; c) when having reason to believe that a product in question presents a risk, informing the market surveillance authorities thereof; d) cooperating with the market surveillance authorities, including following a reasoned request making sure that the immediate, necessary, corrective action is taken to remedy any case of non-compliance with the requirements set out in Union harmonisation legislation applicable to the product in question (Article 4 (3) of this regulation).

According to Article 4 (4), without prejudice to the respective obligations of economic operators under the applicable EU harmonisation legislation, the name, registered trade name or registered trade mark, and contact details, including the postal address, of the economic operator referred to in Article 4 (1) shall be indicated on the product or on its packaging, the parcel or an accompanying document.

The liability of the authorized representative concerned in the event of a breach of its obligations is governed by the national law of the respective EU Member State. Any breach of Article 4 (3) of this regulation by the authorized representative constitutes an administrative offense under Section 21 (2) of the German Market Surveillance Act (MüG) and is punishable by a fine.

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The appointment of an authorized representative does not transfer the manufacturer’s overall responsibility for product compliance, conformity assessment, or product safety, unless explicitly required by specific EU harmonisation legislation. The manufacturer remains primarily liable for ensuring that products placed on the EU market comply with all applicable legal requirements.

German Market Surveillance Act

The German Market Surveillance Act serves to implement the Market Surveillance Regulation of the European Union at the national level. It governs the powers and interactions of the market surveillance authorities, as well as the various market surveillance measures, they may take. Of particular relevance for the activities of EU authorized representatives within the meaning of the MSR is Section 21 (2), which provides for administrative fines for violations of the MSR and for non-compliance with instructions issued by the market surveillance authorities. Such fines may amount to up to EUR 100,000 or EUR 10,000, respectively.

EU General Product Safety Regulation (GPSR)

The General Product Safety Regulation (EU) 2023/988 (“GPSR”) establishes a harmonised and directly applicable legal framework governing the safety of products placed on or made available in the European Union. This regulation has been fully applicable since December 13, 2024 and replaces the former General Product Safety Directive (Directive 2001/95/EC). EU member states shall not impede the making available on the market of products covered by Directive 2001/95/EC which are in conformity with that Directive and which were placed on the market before December 13, 2024.

The objective of the GPSR is to improve the functioning of the internal market while providing for a high level of consumer protection. This regulation lays down essential rules on the safety of consumer products placed or made available on the market.

Under the GPSR, economic operators are subject to enhanced obligations relating to risk assessment, documentation, traceability, and communication with authorities and consumers. Market surveillance authorities are granted expanded powers to investigate, require corrective measures, and impose sanctions in cases of non-compliance.

According to Article 4 of the GPSR, products offered for sale online or through other means of distance sales shall be deemed to be made available on the market if the offer is targeted at consumers in the EU. An offer for sale shall be considered to be targeted at consumers in the EU if the relevant economic operator directs, by any means, its activities to one or more EU member states.

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A product covered by the GPSR shall not be placed on the market unless there is an economic operator established in the EU who is responsible for the tasks set out in Article 4 (3) of the MSR in respect to that product. Responsible for the tasks are the following persons: a) a manufacturer established in the EU; b) an importer, where the manufacturer is not established in the EU; c) an authorised representative who has a written mandate from the manufacturer designating the authorised representative to perform the tasks set out in Article 4 (3) on the manufacturer’s behalf; and d) a fulfilment service provider established in the Union with respect to the products it handles, where no other economic operator as mentioned in points a), b) and c) is established in the EU. Authorized representative appointed by the manufacturer is therefore such an economic operator.

The authorized representative must be legally established within the EU, be appointed in writing by the manufacturer and have a mandate that clearly defines the scope of authority and assigned responsibilities. According to Article 10 (2) of the GPSR, an authorised representative shall perform the tasks specified in the mandate received from the manufacturer. The authorised representative shall provide the market surveillance authorities with a copy of that mandate upon request. The mandate shall allow the authorised representative to perform at least the following tasks: a) providing a market surveillance authority, upon that authority’s reasoned request, with all information and documentation necessary to demonstrate the safety of the product in an official language which can be understood by that authority; b) where the authorised representative considers or has reason to believe that a product in question is a dangerous product, informing the manufacturer thereof; c) informing the competent national authorities about any action taken to eliminate the risks posed by products covered by their mandate through a notification in the Safety Business Gateway, where the information has not been already provided by the manufacturer or upon instruction of the manufacturer; and d) cooperating with the competent national authorities, at their request, on any action taken to eliminate in an effective manner the risks posed by products covered by their mandate.

The appointment of an authorized representative does not transfer the manufacturer’s overarching responsibility for ensuring product safety, compliance, and risk management under the GPSR, unless expressly provided for by applicable EU legislation. However, the authorized representative may be liable as a manufacturer if the conditions set out in Article 13 GPSR are met. A natural or legal person shall be deemed to be a manufacturer for the purposes of this regulation and shall be subject to the obligations of the manufacturer set out in Article 9 where that natural or legal person places a product on the market under the natural or legal person’s name or trademark. A natural or legal person, other than the manufacturer, that substantially modifies the product, shall be deemed to be a manufacturer for the purposes of this regulation and shall be subject to the obligations of the manufacturer set out in Article 9 for the part of the product affected by the modification or for the entire product if the substantial modification has an impact on its safety.

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The liability of authorized representative concerned in the event of a breach of its obligations is governed by the national law of the respective EU member state. Any breach of the authorized representative’s obligations under the GPSR constitutes an administrative offense under Section 28 (1) and (12) of the German Product Safety Act (ProdSG).

An authorized representative acts as a legally recognised intermediary between the manufacturer and EU market surveillance authorities. Pursuant to the MSR and GPSR, the importer is not mandatory, when products are directly sent from third countries, such as China, to end customers in the EU and an authorized representative has already been duly appointed as the contact person (Article 39, 40, 42 and Article 49 of the GPSR; Article 18, 23 and 4 (4) of the MSR).

For the purpose of placing products on or making them available to the EU market, it is sufficient that there is at least one economic operator established in the EU, either an importer or an authorized representative (Article 16 (1) of the GPSR; Article 4 (1) of the MSR).

For products imported from third countries, an authorized representative may perform certain tasks on behalf of the manufacturer. However, if the authorized representative of a manufacturer from a third country delivers a product to a distributor or end-user in the EU, the representative ceases to act solely as an authorized representative and, by assuming responsibility for placing the product on the market, becomes the importer and is subject to the associated obligations. Only in such exceptional cases does the authorized representative incur liability equivalent to that of an importer.

EU Product Liability Directive

The Product Liability Directive (EU) 2024/2853 establishes a harmonised regime for liability for damages caused by defective products within the EU. It replaces the earlier Directive 85/374/EEC, updating the legal framework to reflect developments in technology, global supply chains, digital products, and consumer protection. The directive was adopted by the European Parliament and the Council and was published in the Official Journal on November 18, 2024. EU member states shall bring into force the laws, regulations and administrative provisions necessary to comply with this directive by December 9, 2026. In the case of a manufacturer of a product or a component established outside the EU, and without prejudice to the liability of that manufacturer, EU member states shall ensure that the following economic operators are liable for product or component defects of manufacturer in accordance with this directive: a) the importer of the defective product or component; b) the authorised representative of the manufacturer; and c) where there is no importer established within the EU or authorised representative, the fulfilment service provider (Art. 8 (1)(c) of this directive).

Once Germany completes the transposition of the provisions of this directive into national law, authorized representatives will also be held liable for damages caused to third parties by the manufacturer’s products. This will significantly increase the operational risks for the German subsidiaries. Among other things, the German government bill implementing the Directive (Bundestag Drucksache 21/4297) would expand the statutory definition of “product” to expressly include software, regardless of how it is supplied, introduce court-ordered disclosure obligations and rebuttable presumptions of defectiveness and causation that shift

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elements of the burden of proof onto defendants, impose liability on manufacturers for failing to provide necessary safety updates after a product has been placed on the market, and abolish the current EUR 85 million cap on liability for personal injury and the EUR 500 deductible for property damage under the existing ProdHaftG (see “German Product Liability Act” below). The authorized representative may exclude contractual liability by agreement with the contracting parties such as manufacturer, provided that the relevant provisions do not concern mandatory statutory requirements. Any contractual exclusion of liability shall have effect only *inter partes*, i.e. exclusively between the contracting parties, and shall not produce any legal effect vis-à-vis third parties.

Any exclusion or limitation of the authorized representative’s liability on the label of the respective product is invalid vis-à-vis third parties, regardless of whether online trade is involved or not.

- **Electrical and electronic equipment**

The German subsidiaries offer their customers registration, quantity reporting, labelling, and recycling of equipment services in Europe. The currently applicable directive is Directive 2012/19/EU of July 4, 2012, which has been partially amended by Directive (EU) 2024/884. The GPSR applies directly to the products specified in Directive 2012/19/EU (Art. 2 (1) in conjunction with Annex I GPSR). The liability risk as an authorized representative arises from the breach of the obligations provided for in the GPSR and the negligent conveyance of the manufacturer’s breach of duty pursuant to Section 823 of the German Civil Code (BGB).

- **Batteries**

The German subsidiaries also offer their clients services of recycling and disposal of used batteries, labels, and registration of new batteries in Europe. The original Directive 2006/66/EC of September 6, 2006, which was partially modified by Directive 2013/56/EU, was repealed with effect from August 18, 2025. The current Battery Regulation of July 12, 2023 (Regulation (EU) 2023/1542) imposes various obligations on the authorized representative (Article 40 of the regulation). Separately, Chapter VII of the regulation (Articles 47-53) imposes battery due diligence obligations on manufacturer established in the EU or, where the manufacturer is established outside the EU, on the importer of the relevant batteries; the application of these due diligence obligations has been postponed from August 18, 2025 to August 18, 2027 by Regulation (EU) 2025/1561. Insofar as an authorized representative assumes the function of importer in the circumstances described above, it may itself become subject to these due diligence obligations. Pursuant to Article 93 of the regulation, EU member states shall lay down rules on penalties applicable to infringements of this regulation and shall take all measures necessary to ensure that they are implemented by August 18, 2025. In Germany, this has been implemented by the Act Implementing Regulation (EU) 2023/1542 on Batteries and Waste Batteries (Battery Law Implementation Act – BattDG). Violation of the obligations of the authorized representative under the Regulation constitutes an administrative offense under Section 60 (2) BattDG.

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- **Packaging**

The German subsidiaries also offer their clients packaging services in Europe. Directive 94/62/EC applied until it was repealed with effect from August 12, 2026 (see below). GPSR applies directly to the products specified in Directive 94/62/EC (Article 2 (1) in conjunction with Annex I GPSR). The liability risk arises from a breach of the obligations of the authorized representative provided for in GPSR and the negligent conveyance of the manufacturer’s breach of duty pursuant to Section 823 of the German Civil Code (BGB).

Regulation (EU) 2025/40 of December 19, 2024, has repealed Directive 94/62/EC with effect from August 12, 2026, and applies as of that date. In Germany, the former Verpackungsgesetz has been repealed and replaced by the Verpackungsrecht-Durchführungsgesetz (VerpackDG), which entered into force on August 12, 2026, and governs matters such as registration, system-participation obligations, and market restrictions for packaging placed on the German market. The penalties for infringing Regulation (EU) 2025/40 are governed by the national law of the respective EU member state. The liability risk also arises from a breach of the obligations of the authorized representative provided for in this regulation (Article 17) and under the VerpackDG.

German Law on Product Safety

The German Product Safety Act (ProdSG) provides a national legal framework to translate and anchor European product safety law into national law. Amongst other things, it forms the legal framework for further national regulations, e.g. on electrical equipment, toys, pressurized containers, machines, sport boats, explosive devices, elevators, and packaged aerosol mixtures, if there is a special risk involved with these products, or to translate European directives into legally binding national regulations.

Until February 19, 2026, authorized representatives were subject to a comprehensive set of obligations pursuant to former Section 6 (1) – (4) of the Product Safety Act (ProdSG), the scope of which was similar to the obligations arising out of Article 4 EU Market Surveillance Regulation and Article 16 EU Product Safety Regulation.

These obligations contained a labelling and product safety information obligation, an obligation to prepare for risk-aversion measures, such as a product recall, a duty to inform the responsible market surveillance authority of dangers or risks known to the economic operator, and, where possible, to perform spot checks on the products in circulation (with a consumer-feedback alternative under former section 6 (3)1 where spot checks were not feasible with reasonable effort). With effect from February 19, 2026, the Act Amending the Product Safety Act and Other Product-Safety-Law Provisions (Gesetz zur Änderung des Produktsicherheitsgesetzes und weiterer produktsicherheitsrechtlicher Vorschriften, BGBl. I 2026 No. 29) repealed former Section 6 (1) – (4) ProdSG as duplicative of Article 16 of the GPSR (see “EU General Product Safety Regulation (GPSR)” above), which imposes materially the same obligations directly and without the need for national implementing legislation. Section 6 ProdSG now instead requires that GPSR-mandated product information, instructions and warnings be provided in German.

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Failure to comply with obligations from the German Product Safety Act may lead to administrative fines of up to either EUR 10,000 or EUR 100,000 under Section 28 of the German Product Safety Act, which retains its numbering post-amendment and has been expanded (Sections 28 -30 ProdSG) to sanction violations of the GPSR itself, including a new criminal offense for persistent intentional violations.

Intellectual Property Law

The relevant IP law can broadly be categorized into patent and design law.

Patent Law

Patents in Germany can either be national patents registered with the German Patent Office or European Patents with or without Unitary Effect registered directly at the European Patent Office. Furthermore, there can be increasingly rare cases of European Patents with an “opt-out” option. These are European patents that cannot be prosecuted in the European Patent Court, but within the national justice system of Germany.

The central statutory provisions governing German patents are Sections 9 to 13 in conjunction with Section 139 of the German Patent Act. Pursuant thereto, any person who unlawfully uses a patented invention may be subject to claims for injunctive relief, damages, and/or surrender of profits. However, such claims will generally affect only manufacturers and importers, since EU representatives should not manufacture, offer, place on the market, use, import, or possess the relevant products.

With regards to European patents with unitary effect, the rights of the patent proprietor are governed by Articles 25 and 26 of the Agreement on a Unified Patent Court, as well as Articles 63–64 and Articles 67–68 thereof. The patent proprietor is entitled to exclude third parties from using the products in question and, where appropriate, may assert claims for injunctive relief, provision of information, and damages. The products in question may also be subject to seizure or destruction. However, as a general rule, such claims are directed against the manufacturer rather than against EU representatives.

Even though representatives may not be direct infringers both in national and European patent law, they can be liable as accessory infringers under German tort law.

Design Law

The primary source of law governing the relevant design (industrial design) rights is the German Design Act (Designgesetz – DesignG). Any person who uses a design in violation of Section 38 DesignG may, pursuant to that provision, be subject to claims for removal of the infringement and, in the event of a risk of repetition, to injunctive relief. Pursuant to Section 42 (2) DesignG, the infringer may also be liable for damages.

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The EU design law framework has recently been overhauled. Regulation (EU) 2024/2822, which recast the Community design regime as the “EU design” and abolished the possibility of filing EU design applications through national offices, has applied since May 1, 2025, with a further tranche of provisions (governing expanded registrable subject matter, including graphical user interfaces, icons, animated designs and 3D-printed products) applying from July 1, 2026. The accompanying Design Directive (EU) 2024/2823, which will replace the former Design Directive 98/71/EC, must be transposed into German law by December 9, 2027; the DesignG has not yet been amended to reflect it.

As a rule, however, the EU authorized representative is not a direct infringer, since it does not carry out the acts listed in Section 38 (1) DesignG. Nevertheless, such a representative may be exposed to accessory liability under the law of torts, as the relevant provisions of the Design Act constitute protective statutes within the meaning of Section 823 (2) of the German Civil Code (BGB).

Brand Law

In Germany, trademarks can be protected either through a national or a European registry. The primary legislation is the Regulation on the European Union Trade Mark (EUTMR) and the German Trademark Act (Markengesetz – MarkenG). The rights resulting from a European Union trademark are expressed in Art. 5 EUTMR, whilst the claims of the brand owner against third parties can be found in Art. 10–13 EUTMR. Furthermore, owners of a European Union trademark can have claims resulting from German national law, under Section 119 No. 2 German Trademark Act in conjunction with specific sections of the same act. These are namely claims for damages (Section 14 (6) and (7)), destruction and recall (Section 18), information (Section 19), submission and inspection (Section 19a), securing of claims for damages (Section 19b), and publication of judgments (Section 19c). It has to be noted though, that the correct respondent to these claims usually will be the manufacturer or importer. However, the representative might be concerned as an accessory or interfering party (“Gehilfe” or “Störer”) under tort law.

Competition Law

The German Unfair Competition Act (UWG) is the main legislative framework for competition law in Germany. It encompasses a plethora of provisions that aim at creating a fair competitive environment within the free market.

The basis for a violation of provisions set by the UWG is a “commercial act” as defined by Section 2 (1) No. 2 UWG. This potentially can include the activities of an authorized representative. An authorized representative can thus be exposed to cease-and-desist claims under section 8 UWG. Claims for damages under section 9 UWG are thinkable too. However, the representative will often be able to defend against such claims by referring to his lack of intent or negligence. This defence will, however, become weak if the authorized representative is alerted by third parties to a violation or otherwise becomes aware of it. In order to avoid liability for damages in this case, it is recommended to take immediate action and, if necessary, terminate the representative role altogether.

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The UWG was further amended, with effect from September 27, 2026, to transpose the EU Empowering Consumers for the Green Transition Directive (EU) 2024/825. The amendment introduces a catalogue of per se prohibited practices, including misleading environmental and sustainability claims (e.g. unsubstantiated “carbon neutral” claims based solely on offsetting) and non-disclosure of planned obsolescence or of software-related limitations on product functionality or durability, with fines of up to 4% of annual turnover for violations. These obligations principally target the manufacturer, distributor or online marketplace making the relevant claims; an authorized representative could nonetheless be exposed under Sections 8 and 9 UWG to the same extent as for other UWG violations described above, in particular where it disseminates or fails to correct such claims on the manufacturer’s behalf.

Product Liability Law

In Germany, either the seller or the manufacturer, or both jointly, can be held liable if the product is defective. The harmed person may assert claims arising from product liability, producer liability, and warranty for defects. The rules for liability are to be found in the German Product Liability Act (“Produkthaftungsgesetz – ProdHaftG”) and the German Civil Code (“Bürgerliches Gesetzbuch – BGB”) as well as in special laws.

Under the current legal framework, risks to the representative mainly arise from an indirect liability, e.g. as an assistant to a liable manufacturer. Also, there can be situations where the representative might be considered a manufacturer due to wrong documentation or labelling. Furthermore, borderline cases in which a direct representative liability might be considered can arise if the representative has personal control or check-up obligations regarding a product.

However, as previously stated, once Germany completes the transposition of the EU Product Liability Directive into national law, the liability of authorised representatives will be significantly strengthened.

German Product Liability Act

In the event a product has caused damage to persons or items (other than the defective product), the manufacturer is strictly liable pursuant to the German Product Liability Act (“Produkthaftungsgesetz – ProdHaftG”). The maximum liability for damages relating to a human-being as a consequence of a defective product is currently EUR 85 million (Section 10 ProdHaftG), subject to a deductible of EUR 500 for property damage claims (Section 11 ProdHaftG); both the cap and the deductible are expected to be abolished once Germany transposes the EU Product Liability Directive (EU) 2024/2853 into national law (see “EU Product Liability Directive” above). Generally, representatives aren’t liable under the German Product Liability Act. However, they could become liable as a manufacturer by labelling under section 4(1) of the Product Liability Act if their name is printed on a product without specific notice that they are merely the representative, and hence not the manufacturer. Therefore, it is important for the representative to make sure they are correctly named on the label.

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Tort Law

Tort law in Germany is primarily codified in Sections 823–853 of the German Civil Code (BGB). Most relevant for product liability law is Section 823 (1) and (2). Tort law liabilities under Section 823 (1) and (2) BGB are unlimited, as there is no ceiling on the maximum amount of money that a culprit can be liable for. Therefore, being exposed to a tort law liability can be especially dangerous.

- **Direct liability of the representative**

Whilst manufacturers may be held liable under Section 823 (1) BGB if the product is defective, in this respect, the manufacturer has the obligation to properly design and produce a product, to instruct its use, and to monitor it. Representatives usually will not be exposed to such a direct liability under Section 823 (1) of the German Civil Code.

For liability under § 823 (2) of the German Civil Code (BGB), the question of whether a protective statute (“Schutzgesetz”) exists is decisive. Essential provisions that regulate the scope of duties of an EU authorized representative quite often do not constitute protective statutes within the meaning of § 823 (2) BGB. In this regard, the Court of Justice of the European Union (CJEU) has ruled that neither the fact that a directive imposes monitoring obligations on certain economic operators, nor the fact that the directive also aims to protect the injured parties, necessarily entails that it creates rights for the injured parties in the event that the economic operators concerned fail to fulfil their obligations (“Breast-implant case”, February 16, 2017).

It tends to be generally agreed upon that this also applies to regulations and national law which oblige EU authorized representatives. E.g. Article 4 Market Surveillance Regulation, Article 16 General Product Safety Regulation, and former Section 6 (1) – (4) ProdSG (in force until February 19, 2026; see “German Law on Product Safety” above) were considered not to be protective statutes with regards to Section 823 (2) BGB.

Although no higher court rulings on this matter exist to date in some instances. Therefore, a certain risk remains in this matter. Especially with regards to Section 6 (3) 1. and (4) of the German Product Safety Act (repealed with effect from February 19, 2026; see “German Law on Product Safety” above) and, on a forward-looking basis, the corresponding obligations now imposed directly by Article 16 GPSR, there is a bigger than 0 possibility for a court establishing a direct liability under tort law of the representative. It is therefore highly advisable to establish on-board compliance protocols to ensure these provisions are followed by the representative.

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- **Liability of the representative as an accessory**

In contrast to the EU authorized representative, manufacturers can be subjected to a multitude of direct tort law claims, either via Section 823 (1) BGB, as mentioned above, or under Section 823 (2) BGB in conjunction with a protective statute.

For the latter, a multitude of provisions comes into question, e.g. Article 5 of the General Product Safety Regulation or Section 3 of the German Product Safety Act (ProdSG) — noting that, with effect from February 19, 2026, Section 3 ProdSG was narrowed to apply only to products outside the scope of the GPSR or other EU harmonisation legislation, so that Article 5 GPSR will be the more relevant protective statute for most of products handled by the German subsidiaries — provisions from other areas of law, e.g. intellectual property, trademark, or competition law.

In cases where the representative knowingly or negligently assists the manufacturer or another third party in their infringement, they can become liable as an accessory under Section 830 of the German Civil Code in conjunction with the section relevant to the infringement of the main culprit.

This requires a so-called “double-accessory-intent” (or negligence) (“doppelter Gehilfenvorsatz”). This means the representative needs to have intent (or negligence) regarding the main culprit’s infringement, and, furthermore, he also needs to intentionally (or negligently) help the main culprit in their infringement.

Since the role of an EU authorized representative is characterized by representing the manufacturer in the EU market, an intent to help will most likely be established easily. Henceforth, the main question, given the manufacturer is liable under tort law, will mostly be whether or not the representative had intent, or rather negligence, with regards to the manufacturer’s infringement.

To answer this question, it mainly must be examined what constitutes negligence of the representative. This directly depends on the scope of the representative’s obligations.

Luckily, as seen in earlier chapters, the main obligations of the representative are focused on retaining and providing relevant documentation for the products, as well as assisting market authorities in potentially necessary consumer safety measures. In short, it is usually not the obligation of the representative to control the product itself for infringement of relevant protective statutes and Section 823 (2) BGB.

For example, the representative must only make sure there is documentation from the manufacturer about product compliance with European safety regulations, but he must not ensure the product is compliant with said safety regulations himself, since that is the primary task of the manufacturer.

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Therefore, as has been established by the Higher Regional Court of Frankfurt am Main (March 16, 2023 – 6 U 189/22), a representative is generally not negligent regarding infringements of the manufacturer, since most of the time he has no obligation to control for such infringements. This is because it would be unreasonable to demand such consistent and broad control from the representative without a clear legal basis.

However, if the representative receives notice, e.g., via a letter of complaint or a cease-and-desist claim, about an infringement of the manufacturer, he will have to act immediately against the infringement, and, if that is not possible, terminate the representative role without further ado, so as to avoid negligence and, therein, a potential liability as an accessory.

A relatively new and not yet fully determinable risk in that regard is posed by Art. 16 of the General Product Safety Regulation (GPSR). That requires the representative to regularly control whether the product is still in line with the documentation provided by the manufacturer, and whether it has the necessary labelling. It is conceivable that a court could establish negligence regarding a manufacturer’s infringement by the representative, on the basis that the representative should have noticed irregularities during their mandatory control of the product’s compliance with the provided documentation, as they are obliged to perform under Art. 16 (2) a GPSR.

The establishment of onboard product controlling procedures as deemed desirable in recital (37) of the GPSR, by EU-representatives therefor seems to be generally necessary.

- **Liability of the representative as “interfering party”**

EU authorized representatives might be exposed to claims directed at them as an interfering party if they somehow help or enable manufacturers’ infringements without being negligent or having intent. The legal basis for this was mainly established by court rulings and is anchored in Section 1004 of the German Civil Code (BGB). This liability, however, poses lesser risk insofar as claims against the interfering party are purely negative in nature and do not give rise to a claim for damages (BGH NJW-RR 2002, 832). Likewise, attorney’s fees for an initial cease-and-desist warning directed at the authorized representative are not recoverable.

Laws and Regulations about E-Commerce/Data Privacy

In Germany, there are various legal regulations in e-commerce and data protection which apply to companies offering goods or services on the German market, including companies established outside of Germany and the European Union.

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Data Protection Law

Data protection in Germany is primarily governed by the EU General Data Protection Regulation (EU) 2016/679 (GDPR), which applies directly and with priority. The German Federal Data Protection Act (Bundesdatenschutzgesetz – BDSG) supplements the GDPR by making use of national opening clauses, regarding specific processing contexts such as employment-related data processing and certain procedural aspects. In addition, the Telecommunications and Digital Services Data Protection Act (Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz – TDDDG) applies as a sector-specific law governing the protection of privacy in electronic communications and digital services, in particular the storage of information on, and access to information from, users’ end devices (e.g. cookies and comparable technologies).

Pursuant to the so-called marketplace principle set out in Article 3 (2) GDPR, the GDPR also applies to foreign companies, including companies established outside the European Union, insofar as they process personal data of individuals located in the EU and such processing is related to the offering of goods or services to such individuals or the monitoring of their behaviour. The decisive connecting factor is the targeting of sales, distribution or advertising measures at persons located in the EU. In this context, the GDPR applies not only to the offering of goods or services against payment, but also to free digital services, applications or platforms, as well as to the monitoring of the behaviour of individuals in the EU, for example through tracking, profiling or analytics technologies.

The GDPR primarily addresses the controller of the data processing, as the controller constitutes the legally responsible entity regarding compliance with the obligations and duties arising from the processing of personal data. Depending on the specific business model and factual circumstances, companies involved in e-commerce or digital services may act as independent controllers, joint controllers or data processors. Where an online platform enables third-party sellers or service providers to offer goods or services via the platform, the platform operator and the sellers may qualify either as independent controllers, each responsible for their own processing activities, or as joint controllers within the meaning of Article 26 GDPR.

Irrespective of whether a company acts as an independent or joint controller, it must comply with the GDPR principles of data processing and ensure the existence of appropriate legal bases for processing as well as the provision of transparent information on the processing of personal data from the perspective of customers or users. Additional data protection obligations may arise depending on the individual case, including the requirement to conclude data processing agreements pursuant to Article 28 GDPR with service providers such as hosting providers, IT service providers, payment service providers or logistics partners acting on behalf of a controller.

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EU Representative Function (Article 27 GDPR)

Where non-EU companies, in particular companies established in the People’s Republic of China, are subject to the GDPR pursuant to Article 3 (2) GDPR, they are generally required to designate an authorised representative within the European Union in accordance with Article 27 GDPR. Companies acting as such authorised EU representatives assume a legally distinct function under EU data protection law, subject to the limited statutory exceptions set out in Article 27(2) GDPR.

In this capacity, the EU representative serves as the designated point of contact within the EU for supervisory authorities and data subjects in connection with the processing activities of the represented non-EU company. While the EU representative does not become the controller for the underlying data processing operations of the represented company, it may itself process personal data while fulfilling its statutory representative obligations, in particular contact, correspondence and documentation data. Regarding such processing, the EU representative acts as an independent data controller and must comply with the applicable obligations under the GDPR.

In addition to the EU representative function pursuant to Article 27 GDPR, non-EU companies may be subject to separate representative or authorised person requirements under sector-specific EU regulatory regimes, such as packaging, electrical and electronic equipment, battery or product compliance legislation. These representative functions are legally distinct from the EU representative under Article 27 GDPR, but may entail additional statutory documentation, communication and retention obligations involving the processing of personal data.

E-Commerce and Digital Services Law

Regarding applicable e-commerce law, several German legal provisions are relevant. In particular, the Digital Services Act (Digitale-Dienste-Gesetz – DDG), the Telecommunication Act (Telekommunikationsgesetz – TKG), the Unfair Competition Act (Gesetz gegen den unlauteren Wettbewerb – UWG) and the provisions of the German Civil Code (Bürgerliches Gesetzbuch – BGB) governing digital or electronic means of contracting are of importance.

Among other things, the DDG contains provisions on the obligation to provide an imprint (Impressum) including mandatory business information, such as name, address and further contact details. This obligation also applies to foreign companies insofar as the respective requirements can be fulfilled under foreign law and the services are directed at the German market.

The UWG contains specific rules applicable to electronic means of communication and commercial practices. Section 7 UWG governs unsolicited advertising and generally requires prior consent, particularly for email marketing, subject to the statutory exception for existing customers.

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The TDDDG provides specific regulations governing the storage of information in, and access to information from, a user’s end device (including cookies and similar technologies). Such technologies may generally only be placed on a user’s end device if the user has given prior consent, unless a statutory exception applies.

The UWG and the DDG also apply to foreign companies pursuant to the so-called “success location rule”, meaning that where an act carried out by a non-German entity constitutes an unfair commercial practice within the meaning of the UWG or a violation of the DDG and produces effects in Germany, such act is assessed in accordance with the relevant German legal provisions.

Consumer Contracts and Information Obligations

For individual legal transactions with consumers initiated by electronic means, the German Civil Code (BGB) provides for extensive consumer protection and information obligations. These include clear and comprehensible information on the identity of the seller, the essential characteristics of the goods or services, pricing including shipping costs, and the ordering process, particularly a clear indication of the button initiating a binding order.

Furthermore, the seller must provide the consumer with a copy of the contract or a contract confirmation reflecting the content of the contract on a durable medium. The consumer must also be informed of their right of withdrawal and, where applicable, the costs of returning goods. Operators of online marketplaces are additionally required to disclose the main criteria determining product rankings in search results. Where prices are determined on a customer-specific basis by automated means (“personalised pricing”), this must be disclosed.

The provisions of the BGB apply to foreign companies regarding contracts concluded with consumers habitually resident in Germany, provided that the offer of the platform or online shop is directed at customers in Germany. The applicability of German consumer protection law may be limited by clearly identifying the geographical scope and target markets addressed by the platform or online shop.

Tax Laws

The German tax system comprises two basic categories, namely direct and indirect taxes. For direct taxes, the taxable entities bear the ultimate tax burden, e.g. income tax, corporation tax and trade tax. For indirect taxes, the tax debtor transfers the tax burden to another party.

Direct tax

The taxation of German companies depends on the entity’s legal form. Corporations are treated as non-transparent for tax purposes, i.e. that the taxable profit is subject to taxation at the level of the corporation itself. Profits of corporations are subject to corporation tax (*Körperschaftsteuergesetz*; “KStG”), solidarity surcharge and trade tax (*Gewerbesteuergesetz*; “GewStG”).

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(a) Corporation Tax Act (KStG)

Corporation tax is the income tax for corporations such as a liability limited company (*Gesellschaft mit beschränkter Haftung*; “**GmbH**”) or a stock corporation (*Aktiengesellschaft*, “**AG**”). The tax is calculated based on the taxable income earned during the calendar year. Corporation tax is levied at the rate of 15% on taxable profits. In addition, a solidarity surcharge of 5.5% is applied to the corporation tax, resulting in an effective total tax rate of 15.825%.

(b) Trade Tax Act (GewStG)

All commercial businesses operating in Germany are also subject to trade tax (*Gewerbesteuer*). A business is considered to operate in Germany if it maintains a permanent establishment, i.e. a place of business, in the country. The activities of a corporation such as a GmbH are always regarded as commercial business operations. Trade tax is assessed and collected by the relevant local authority, which also sets the applicable tax rate. Consequently, rates vary by municipality, ranging from approximately 13% to 18% of taxable business income, with smaller towns generally applying lower rates and larger cities higher rates.

Indirect tax, Value Added Tax

In addition, all sales of goods and services are subject to value-added tax (VAT). Standard VAT under the Value Added Tax Act (*Umsatzsteuergesetz*; “**UStG**”) in Germany is 19%, with a reduced rate of 7% applicable to certain goods and services. Intra-EU deliveries and exports are subject to special VAT rules to ensure proper tax treatment across borders.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN FRANCE

Legal Supervision over Corporation

Under French law, commercial companies are governed primarily by the *Code de commerce*, supplemented where relevant by provisions of the *Code civil*, as well as by secondary regulations and administrative practice. The legal form adopted by an entity determines, inter alia, the organisation of its governance, the extent of the liability of its shareholders, the rules governing capital structure and the formalities applicable to its constitution and operation.

Legal Forms and Governance

The most frequently used legal forms for business entities in France include the *Société par Actions Simplifiée* (SAS), governed notably by Articles L.227-1 et seq. of the *Code de commerce*, the *Société à Responsabilité Limitée* (SARL) under Articles L.223-1 et seq., and the *Société Anonyme* (SA) pursuant to Articles L.225-1 et seq.

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As a general rule, shareholders’ liability is limited to the amount of their contributions, subject to exceptional circumstances such as abuse of corporate form or fraudulent management. Each corporate form provides for distinct rules concerning: 1) the appointment and powers of directors or managers, 2) the transferability of shares or equity interests, 3) minimum share capital requirements (notably for SA), and 4) decision-making procedures at shareholder level.

Registration, Filings and Good Standing

Commercial entities must be registered with the *Registre du Commerce et des Sociétés* (RCS) pursuant to Articles L.123-1 and following of the *Code de commerce*. Companies are further required to: 1) maintain updated articles of association, 2) file annual accounts within statutory deadlines (Articles L.232-21 et seq.), 3) keep corporate and shareholder registers, 4) declare changes affecting management, registered office or share capital.

Failure to comply with these obligations may result in administrative fines, civil liability of managers, or, in serious and persistent cases, judicial dissolution under Article L.237-1 of the *Code de commerce*.

Legal Supervision over Labor and Employment

Employment relationships in France are primarily governed by the *Code du travail*, collective bargaining agreements applicable to the relevant sector, and established case law of the *Cour de cassation*. French labour law is characterised by a high degree of mandatory provisions designed to ensure employee protection and social stability.

Employment Contracts and Working Conditions

An employment contract may be concluded in writing or implied from factual circumstances, but certain forms of employment, such as fixed-term contracts (*CDD*), require strict written formalisation under Articles L.1242-12 et seq. of the *Code du travail*. Employers must comply with rules relating to: 1) the statutory minimum wage (*SMIC*), 2) maximum working hours and overtime compensation, 3) paid leave entitlements, and 4) workplace health and safety obligations under Articles L.4121-1 et seq.

Social Security Contributions and Declarations

Employers are required to register employees with social security bodies and make periodic declarations through the *Déclaration Sociale Nominative* (DSN) system. Contributions cover retirement pensions, unemployment insurance, health insurance and family benefits, as governed by the *Code de la sécurité sociale*.

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Non-compliance may result in reassessment of contributions, financial penalties and, in cases of intentional evasion, criminal sanctions under Articles L.8221-1 et seq. concerning undeclared work.

Legal Supervision over Tax

Corporate and business taxation in France is primarily governed by the *Code général des impôts* (CGI) and related administrative guidelines published by the French tax authorities (BOFiP). Companies operating in France may be subject to several layers of taxation, depending on their legal form, turnover and activities.

Corporate Income Tax

Corporate income tax (*Impôt sur les Sociétés – IS*), governed by Articles 205 et seq. of the CGI, applies to profits realised by corporate entities. The standard tax rate is currently 25%, with reduced rates available for qualifying small and medium-sized enterprises under Article 219-I-b of the CGI, subject to turnover and capital thresholds.

Value Added Tax (VAT)

VAT obligations arise under Articles 256 et seq. of the CGI. Businesses engaged in taxable transactions must: 1) obtain a VAT registration number, 2) issue invoices compliant with Article 289 CGI, 3) submit periodic VAT returns, and 4) remit collected VAT to the tax authorities.

Failure to comply may lead to reassessment procedures, late payment interest and penalties pursuant to Articles 1727 and 1731 CGI.

Local Business Taxes

Companies may also be subject to the *Contribution Économique Territoriale (CET)*, which comprises the *Cotisation Foncière des Entreprises (CFE)* and the *Cotisation sur la Valeur Ajoutée des Entreprises (CVAE)*, governed by Articles 1447 et seq. CGI. These taxes are based respectively on property occupancy and value added.

Legal Supervision over Fiscal Representative Activity

The activity of fiscal representation in France, particularly in the context of VAT compliance for taxable persons established outside the European Union, is governed mainly by Article 289 A of the *Code général des impôts* and related administrative doctrine.

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Appointment and Eligibility Conditions

A fiscal representative must generally: 1) be a taxable person established in France and accredited by the competent French tax office, 2) demonstrate sufficient financial solvency, 3) maintain a compliant tax record, and, 4) where required, provide financial guarantees acceptable to the tax administration.

The tax authorities retain discretionary power to refuse or withdraw approval where these conditions are no longer met.

Obligations and Liability Regime

A fiscal representative acts in the name and on behalf of the foreign taxable person for VAT purposes and may be held jointly liable for VAT debts and compliance failures. In practice, professional indemnity insurance and robust accounting procedures are commonly required, even if not systematically mandated by statute.

Non-compliance may lead to administrative sanctions, withdrawal of representative status and financial penalties, as well as potential civil liability toward the represented entity.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN ITALY

Compliance with Data Protection Law

Primarily it is worth noting that the application of GDPR turns on whether an organization is established in the European Union (“EU”). An “establishment” may take a wide variety of forms and is not necessarily a legal entity registered in an EU Member State. However, the GDPR also has extra-territorial effect. An organization that it is not established within the EU will still be subject to the GDPR if it processes personal data of data subjects who are in the Union where the processing activities are related “to the offering of goods or services” to such data subjects in the EU or “the monitoring of their behaviour” as far as their behaviour takes place within the EU.

The Italian data protection law framework mainly include, in addition to GDPR, the Italian Legislative Decree no. 196 of 30 June 2003, Italian Data Protection Code, as subsequently amended and supplemented, in particular by Italian Legislative Decree no. 101/2018, setting forth provisions on the harmonization of the national laws to GDPR (“**Privacy Code**”). We would like to draw your attention on the following provision:

- **minors:** for consent to the processing of personal data in relation to the offer of information society services directly to a child, 14 is the minimum age in Italy. Italy has exercised the power set forth in the GDPR which sets 16 as the minimum European standard but allows member states to lower the threshold;

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- **unsolicited communication:** marketing by e-mail, facsimile, MMS or SMS-type messages requires prior recipients’ consent (Article 130 of the Privacy Code). Prior consent for marketing by email is not required for recipients who have already purchased similar products or services. In this case, data subjects must be informed that their email address will be used for marketing purposes and that they have the right to object to such processing (e.g., through an opt-out/unsubscribe link at the end of the message). These restrictions also apply in a business-to-business context. A consumer who wishes not to receive unsolicited sales and marketing proposals by phone or by mail can object to such activities by joining a public opt-out register (so called “*Registro Pubblico delle Opposizioni*”). Using the data listed in this register for marketing purposes is allowed subject to strict compliance with specific requirements (e.g. data subject’s prior consent within an ongoing relationship that has not expired for more than 30 days or the data subject has not entered in the *Registro Pubblico delle Opposizioni*).
- **Cookie and other tracking tools:** in July 2021 Garante released a new set of guidelines for the use of cookies and other tracking tools which introduce a number of new provisions (applicable as of 9 January 2022 – “**New Cookie Guidelines**”) according to which, *inter alia*: (i) it must be obtained user’s consent before setting non-technical cookies; (ii) users visiting a web site for the first time must be shown a cookie banner to be set up in strict compliance with the requirements under New Cookie Guidelines; (iii) scrolling or swiping a page is not considered a valid mechanism to collect the user’s consent, unless it can be proved that scrolling or swiping of the user is the result of an unequivocal choice; (iv) cookie walls are unlawful; (v) analytics cookies can be used without consent only when it is not possible to single out a data subject; (vi) at least 6 months must elapse before you can show your cookie banner again.

Supervision over the GDPR and the Privacy Code is conducted by the Garante per la Protezione dei Dati Personali (“**Garante**”) that has the power to impose administrative fines, as well as the corrective powers provided for by Article 58 (2) of GDPR. Within the sanctioning framework set forth by the GDPR, Article 166 of the Privacy Code further specifies the applicable administrative fines under Italian law, providing that (i) administrative fines up to Euro 10 million or up to 2% of the total worldwide annual turnover apply to the infringements of the certain provisions of Privacy Code, including, by way of example only, failure to use clear and plain language for the purpose of obtaining valid consent for processing minors’ personal data in relation to the direct offer of services of the information society; (ii) higher administrative fines, up to Euro 20 million or 4% of the total worldwide annual turnover, also apply in case of infringement of certain provisions of the Privacy Code, including, by way of example only, failure to obtain a valid consent for processing minors’ personal data in relation

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to the direct offer of services of the information society; infringements of certain provisions in the context of electronic communications services. Moreover, any infringement of data protection law may also result in criminal prosecution of individuals¹.

Legal Consequences of Violations of the GDPR

Any person who has suffered material or non-material damage as a result of an infringement of this Regulation shall have the right to obtain compensation from the controller or processor for the damage suffered. The data subjects may therefore bring an action for damages before the civil courts. In May 2023, the European Court of Justice ruled that no materiality threshold is to be observed and thus also allows for “trivial cases”. In addition to legal action in the civil courts, administrative proceedings can also be brought before the supervisory authorities. These can either carry out an inspection of the company on their own initiative or because someone, e.g. a data subject, has issued a notification. Infringements of the provisions of the GDPR can lead to fines of up to 20,000,000 EUR or up to 4% if the total worldwide annual turnover of the preceding financial year, whichever is higher. Strictly adhering to the GDPR is therefore important for any company operating within its framework. Each supervisory authority has the corrective powers to impose a temporary or definitive limitation including a ban on processing. In this case, the data processing that is not lawful in the opinion of the supervisory authority must be stopped accordingly. Depending on the circumstances, this can cause the entire operation of a company to come to a standstill.

Compliance with Additional Law and Regulations under the Italian Law

The Civil Liability of the Management under Italian Laws

The Italian international private Law framework (Law no. 218/1995), which is applicable in cross border cases, provides under Article 25 that “*companies, associations, foundations and any other public or private entity including those without associative nature are governed by the Law of the State in which their incorporation took place. However, Italian Law applies if the headquarters of the management is located in Italy, or if the main purpose of such entities is located in Italy*”. In principle, for companies based abroad having no business unit located in Italy, the civil and corporate law principles concerning the liability of the board of directors (appointed by the shareholder’s or by the By-Laws, so called “*amministratori*”) and the senior management team (so called “*direttori generali*” and/or “*figure apicali*”) shall not apply.

¹ The unlawful processing of data, the unlawful communication or disclosure of data related to a relevant number of data subjects and the fraudulent acquisition of personal data (according to Articles 167, 167-bis and 167-ter of the Privacy Code, respectively) are punished, provided that they are carried out intentionally and for the purpose of obtaining profit for themselves or for others. Criminal offences may be punished with imprisonment for a period of 6 months up to one year and 6 months (for unlawful processing of personal data), imprisonment for a period of one year up to six years (for unlawful disclosure and dissemination of personal data), imprisonment for a period of one year up to four years (in case of unlawful acquisition of personal data). More severe criminal sanctions may be provided in specific cases, such as whenever the criminal offence concerns special categories of personal data (e.g. data on health status, religious or political beliefs, sex life).

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For sake of completeness, the Italian Law provides a combination of duties, including the compliance with the obligations imposed by the law, the articles of association and the by-laws of the company and, more generally, the diligence required by the duty to manage and represent a company over the directors. Compliance with these obligations contributes to ensure that the company operates properly and carries out its business on a regular basis. The breach of the abovementioned obligations may imply prejudicial consequences both for the company and for third parties (including, but not limited to, creditors and shareholders); for the effect, the director may be held liable for any damage resulting from his or her lack of diligence.

The directors have to fulfil with the duties provided by the law and/or the corporate by-laws using the diligence required by the nature of their office and their specific expertise and operating with full compliance to the technical (as well as legal) rules of good corporate management. Such duties are general in scope and their practical application depends not only on the type and size of the company, but also on the context in which it operates. Under a general standpoint, directors may be held liable for any damage caused through a deliberate act of willful misconduct or gross negligence.

Article 2395 of the Italian Civil Code provides that “*The provisions of the previous articles shall not exclude the right of a shareholder or a third party who have been directly damaged by the directors’ negligent or willful acts to claim for damages. The action shall be filed within five years from the occurrence of the act that has damaged the shareholder or third party*”. Therefore, the directors and the senior management team may be held liable for damages suffered by third parties, as a result of their willful or negligent conduct. Moreover, as a result of their failure to fulfill their supervisory duties (so called “*culpa in vigilando*”), the board of directors and the senior management team could be held liable for acts of unfair competition committed by the company (jointly with the latter) and be required to indemnify the damage suffered by the company’s competitors. Lastly, as mentioned above, it should be ruled out that the AGCM may impose sanctions directly against the directors of the company.

Corporate Administrative Liability under Italian Legislative Decree No. 231/2001

Italian Legislative Decree no. 231/2001 (the “**Legislative Decree 231/2001**”) establishes corporate liability for crimes committed by individuals in the interest or to the advantage of a legal entity. In particular, the Legislative Decree 231/2001 provides for a form of liability to be borne by legal entities (such as companies) for certain crimes specifically enlisted in the Decree (so-called “**predicate offences**”) committed in the interest or to the advantage of the entity by (a) individuals who hold the position of representatives, directors or managers of the entity or of one of its organizational units, or by (b) individuals subject to the management or supervision of the latter. A company may be exempt from liability if, prior to the commission of the offence, it has adopted and efficiently enacted an organizational, management and control model aimed at preventing the offences referred to in Legislative Decree 231/2001.

Penalties specifically envisaged by Legislative Decree 231/2001 include pecuniary sanctions, seizure of the “gain” of crime (so called “*confisca*”) and disqualification sanctions.

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With reference to the liability of foreign entities in relation to offences committed in Italy, according to prevailing case-law a company is liable for the effects of its conduct irrespective of its nationality or where its head office is located, and of the existence in the country to which it belongs of rules similar to Legislative Decree 231/2001.

The crimes specifically mentioned in Legislative Decree 231/2001 that could be potentially relevant are the following:

- Article 25-*bis*, Legislative Decree 231/2001 – Forgery of money, public credit cards, revenue stamps and instruments or identifying marks: in case of commission of one of the predicate offences enlisted, pecuniary sanction of up to 800 units and disqualification sanctions may be applied.
- Article 25-*bis*.1, Legislative Decree 231/2001 – Crimes against industry and trade: in case of commission of one of the predicate offences enlisted, pecuniary sanctions of up to 800 units and disqualification sanctions may be applied.
- Article 25-*quinquedecies*, Legislative Decree 231/2001 – Tax Crimes: in case of commission of one of the predicate offences enlisted, pecuniary sanctions of up to 500 units and disqualification sanctions may be applied.
- Article 25-*sexiesdecies*, Legislative Decree 231/2001, as updated by Legislative Decree No. 141/2024 – Smuggling: in case of commission of one of the predicate offences enlisted, pecuniary sanctions of up to 400 units and disqualification sanctions may be applied.

VAT Tax Representative

(i) Regulatory references:

- Council Directive 2006/112/EC of 28 November 2006 (European Directive on VAT);
- Decree of the President of the Republic No. 633 of 26 October 1972 (Establishment and regulation of value added tax – DPR 633/1972);
- Legislative Decree No. 471 of 18 December 1997 (Reform of non-criminal tax penalties relating to direct taxes, value added tax, and tax collection – D.Lgs. 471/1997);
- Decree of the President of the Republic No. 322 of 22 July 1998 (Regulations governing the submission of tax returns relating to income tax, regional tax on productive activities, and value added tax – DPR 322/1998);

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- Legislative Decree No. 13 of 12 February 2024 (Provisions on tax assessment – Legislative Decree No. 13/2024);
- Decree of the President of the Republic No. 441 of 10 November 1997 (Regulation containing rules for the reorganization of the discipline of presumptions of sale and purchase – DPR 441/1997);
- Legislative Decree No. 74 of 10 March 2000 (New regulations governing income tax and value added tax offenses – Legislative Decree No. 74/2000).

(ii) Definition and regulation of VAT tax representation

VAT tax representation, governed by Article 17, paragraph 2, of Presidential Decree 633/1972, applies to taxable persons not resident in the European Union who do not have a permanent establishment in Italy. It provides for the appointment of a resident representative with a VAT number, by means of a public deed or registered private agreement (Article 1 of Presidential Decree 441/1997), as opposed to the direct identification required for EU/EEA entities.

The rationale behind this institution lies in the Italian tax authorities’ need to ensure a national interlocutor for VAT obligations vis-à-vis entities established abroad.

Article 4 of Legislative Decree No. 13/2024 (the so-called “**assessment**” decree) amended Article 17, paragraph 3.

(iii) Main responsibilities

The relationship between the non-resident entity and the tax representative qualifies as a mandate with representation. The representative acts as the agent of the principal and is jointly and severally liable for omissions and/or infringements and/or irregularities in relation to VAT, pursuant to Article 17, paragraph 3, of Presidential Decree 633/1972: “The tax representative is jointly and severally liable with the represented party for the obligations arising from the application of the rules on value added tax”.

The representative’s liability is partial, limited to the passive transactions specifically assigned to them by the non-resident principal, for which they act in the name and on behalf of the latter.

Joint and several liability does not arise from the mere existence of the mandate, but from the actual execution of irregular transactions in the interest of the represented party.

In concrete terms, the representative must fulfil the main obligations as a taxable person:

- Keeping purchase/sales records (Articles 23-25 of Presidential Decree 633/1972).

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- Periodic settlements and payments (Articles 27 and 33 of Presidential Decree 633/1972).
- Annual VAT return (Article 8 of Presidential Decree 322/1998).
- Invoicing and data communications.

The tax authorities may notify the tax representative of assessment notices or the imposition of penalties. In addition, the Revenue Agency may collect penalties directly from the tax representative.

(iv) Extension of joint and several liability

Article 17, paragraph 3, of Presidential Decree 633/1972 establishes joint and several liability for all VAT obligations, including the payment of unpaid tax (Article 60, paragraph 1, on the payment of assessed tax; note that paragraphs 2 to 5 of Article 60 were repealed by Legislative Decree No. 33/2025), penalties and interest (Article 13, Legislative Decree No. 471/1997, for penalties; Article 20, Presidential Decree No. 602/1973, for interest). This liability also extends to criminal liability under Legislative Decree 74/2000 (e.g. Article 10-ter, failure to pay).

(v) Guarantees required

The guarantee provided for in Article 17, paragraph 3, Presidential Decree 633/1972 (supplemented by Ministerial Decree No. 164 of 21 December 1999 on requirements and guarantees) covers unpaid VAT, but excludes penalties (Legislative Decree No. 471 of 18 December 1997) and interest, unless specifically extended in the representation contract or surety policy.

(vi) Civil Law Framework of Agency with Representation

Under Italian civil law, the relationship between a company and the foreign entities for which it performs fiscal representation activities may, in certain circumstances, qualify as a mandate with representation (“*mandato con rappresentanza*”), pursuant to Articles 1703 et seq. of the Italian Civil Code.

In a mandate with representation, the agent (the “*mandatario*”) is granted the power to act in the name and on behalf of the principal (the “*mandante*”), with the result that the legal effects of the acts performed by the agent arise directly in the legal sphere of the principal. Accordingly, third parties acquire rights and obligations directly against the principal, and not against the agent, provided that the agent acts within the limits of the powers conferred under the mandate.

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In the context of fiscal representation, this structure implies that the company acts as a disclosed representative of the foreign principal *vis-à-vis* the Italian tax authorities and, where applicable, *vis-à-vis* third parties, carrying out legal and administrative acts directly attributable to the principal. As a consequence, the substantive tax position, as well as the related rights and obligations arising from such acts, are borne directly by the foreign principal, while the company acts solely as an intermediary exercising the powers granted under the mandate.

Pursuant to the provisions of the Italian Civil Code, the agent is required to perform the mandate with the diligence of a professional operator (“*diligenza professionale*”), taking into account the nature of the activity carried out and to comply with the instructions received from the principal. The agent is liable towards the principal for damages arising from the non-performance or improper performance of the mandate, subject to the limitations provided by law. Where the mandate is gratuitous, the agent’s liability for negligence is assessed with a lower degree of strictness. In any event, the agent remains liable for damages caused by willful misconduct or gross negligence.