

To the addressees as set out in Schedule 1 of this Report (“Addressees”)

May 20, 2024

LEGAL DUE DILIGENCE REPORT

This Legal Due Diligence Report (this “**Report**”) has been prepared for EDA Group Holdings Limited (“**EDA**” or the “**Recipient**”) by Withers Bergman LLP (“**Withers**,” “**us**,” or “**we**”). This Report has been prepared on behalf of the Recipient with respect to its two U.S subsidiaries, EDA International, Inc., a California corporation (“**EDA CA**”) and EDA Cloud International, Inc., a New Jersey corporation (“**EDA NJ**”, together with EDA CA, the “**Group Companies**”), and solely for purposes of Section I(1), EDA Development Inc., a California corporation (“**EDA Development**”), EDA International ATL Inc., a Georgia corporation (“**EDA ATL**”) and EDA inGA Inc., a Georgia corporation (“**EDA GA**,” and together with EDA Development and EDA ATL, the “**New Companies**”) in connection with EDA’s proposed listing on the Hong Kong Stock Exchange (the “**Purpose**”).

This Report is confidential to the Recipient and should accordingly not be disclosed to any person other than those employees and officers of the Recipient, its professional advisers and anyone for the sole use of the Purpose. This Report contains information that is confidential, commercially sensitive and subject to legal professional privilege. Any attorney/client privilege is not waived or lost by reason of delivery or transmission to any person whether mistaken or otherwise.

Except as expressly stated herein, in preparing this Report we have only reviewed the documents and information (collectively, the “**Information**”) that has been provided to us by EDA.

This Report is necessarily dependent on the accuracy and completeness of the Information provided by EDA to us. We have relied upon EDA to provide Information that is accurate, complete and not misleading.

In preparing this Report, we have assumed that:

- copies of documents provided to us are true, complete and conform to the original and that all signatures are genuine;
- the documents were validly entered into by each Group Company or New Company, as applicable, and that they are and remain enforceable against the counterparty (we have not made any enquiries regarding the counterparties to any contracts);
- except where we have been provided with Information to the contrary, none of the documents have been terminated, varied, amended or superseded; and
- except where we have been provided with Information to the contrary, each Group Company or New Company, as applicable, operates its businesses in accordance with the terms of the agreements supplied to us and is in compliance with the terms of such agreements.

LIMITATIONS

This Report does not constitute a legal opinion or an audit. This Report has not been planned in order to prevent or detect irregularities and fraud, wilful or reckless non-disclosure or other

illegal acts or arrangements. We have not commented upon the business, financial, technical, insurance, tax or accounting implications of the information referred to in this Report.

The Information has not (except as expressly stated in this Report) been independently verified by us. No enquiries have been made and no other legal due diligence has been carried out other than a review of the Information. Withers gives no guarantee nor makes any representations or warranties as to the accuracy or completeness of any of the Information or the results of any searches referenced herein.

Unless and to the extent otherwise expressly agreed to by us, this Report is provided only for the benefit, and may only be relied upon by EDA solely in connection with the Purpose. It may not be used or relied upon by any other person for any other purpose, including in connection with the decision to purchase securities of EDA. Notwithstanding the foregoing, if required by law or if this Report is disclosed by EDA with any third party for any reason, that decision by EDA to share this Report does not create an attorney/client or any other relationship between Withers Bergman LLP (or any of its affiliates) and any individual or entity with whom it is shared.

This Report does not address the relative merits of an investment in the securities of EDA, nor does it address the underlying business decision by EDA to engage in the proposed listing of its securities on the Hong Kong Stock Exchange or the contents of the prospectus related to such listing. This Report does not constitute a recommendation as to whether any prospective investor should purchase securities of EDA or act on any matter relevant thereto.

Withers and EDA irrevocably agree that this Report is governed by the laws of the State of New York and that the courts of the State of New York or of the United States located in the Borough of Manhattan, New York City, New York shall have the exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Report.

SUMMARY

Set out below are the following four sections:

- I. Corporate Records
- II. Real Property
- III. Employment
- IV. Intellectual Property Litigation

I. CORPORATE RECORDS

1. Due incorporation, valid existence and good standing of the Group Companies in relevant jurisdiction.

EDA CA was formed in the State of California by filing Articles of Incorporation on December 4, 2013 (the “**EDA CA Articles**”). Pursuant to a review of a Certificate of Good Standing issued by the Secretary of State of California dated May 1, 2024, EDA CA is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California.

EDA NJ was formed in the State of New Jersey by filing a Certificate of Incorporation on January 25, 2016 (the “**EDA NJ Certificate**”). Pursuant to a review of a Certificate of Good

Standing issued by Secretary of State of New Jersey dated May 1, 2024, EDA NJ is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New Jersey.

EDA Development was formed in the State of California by filing Articles of Incorporation on June 19, 2023 (the “**EDA Development Articles**”). Pursuant to a review of a Certificate of Good Standing issued by the Secretary of State of California dated May 16, 2024, EDA Development is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California.¹

EDA ATL was formed in the State of Georgia by filing Articles of Incorporation on October 18, 2023 (the “**EDA ATL Articles**”). Pursuant to a review of a Certificate of Good Standing issued by the Secretary of State of Georgia dated May 16, 2024, EDA ATL is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Georgia.

EDA GA was formed in the State of Georgia by filing Articles of Incorporation on July 14, 2023 (the “**EDA GA Articles**”). Pursuant to a review of a Certificate of Good Standing issued by the Secretary of State of Georgia dated May 16, 2024, EDA GA is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Georgia.

2. *The Bylaws of the Group Companies comply with the requirements of applicable laws in the local jurisdiction.*

Based on our review of the Group Companies’ bylaws, the bylaws for each of EDA CA and EDA NJ complies with the requirements of applicable law in the state of its incorporation.

3. *Whether the Bylaws of the Group Companies have been duly adopted.*

The bylaws of EDA CA were duly adopted by its board of directors pursuant to a Joint Written Consent of the Board of Directors and Shareholder dated June 14, 2023 (the “**EDA CA Consent**”).

The bylaws of EDA NJ were duly adopted by its board of directors pursuant to a Joint Written Consent of the Board of Directors and Shareholder dated June 14, 2023 (the “**EDA NJ Consent**”).

4. *Whether each Group Company has all corporate power and authority to own assets and conduct its current business, and to sue and be sued in its own name.*

To our knowledge, each Group Company has all corporate power and authority necessary to own its properties and to conduct its business as presently conducted.

5. *Information on the share capital of the Group Companies, including:*

(i) *the authorized, issued and paid-up share capital, and details of any changes in the share capital from the date of incorporation; and if there are different classes of shares, the respective rights, privileges, restrictions and conditions attached to each class of shares; (ii) the identities of the current registered shareholders (including number of shares held) and past registered shareholders (including number of shares held) during the three years ended 31*

¹ As of the date of this Report, other than the Articles of Incorporation of EDA Development, EDA ATL and EDA GA, we have not been provided with any other corporate documents of these 3 entities, including documents relating to the share issuances and the equity ownership of these three entities showing that they are wholly owned subsidiaries of EDA HK. We performed searches on the three entities on May 15, 2024. There were no state tax liens searched through May 13, 2024 or UCC liens searched through April 24, 2024 filed against EDA ATL and EDA GA in Georgia. There were no tax liens (including federal, state and judgement liens) or UCC filings searched through May 7, 2024, filed against EDA Development in California. Additionally there was also no litigation filed against EDA Development in the U.S. District Court or bankruptcy filings pending against EDA Development in the U.S. Bankruptcy Court search through May 10, 2024.

December 2022 (the “Track Record Period”); (iii) whether the allotment and issuance of the shares have been duly authorized, and were validly issued, fully paid and non-assessable, and were not issued in violation of any pre-emptive rights, resale right, right of first refusal or similar rights in the local jurisdiction or the articles of association (or analogous documents) of the Group Companies; (iv) whether the relevant shareholder(s) of the Group Companies has/have good and valid, legal and beneficial title to the issued shares;

Pursuant to the EDA NJ Certificate and the EDA NJ Consent, the authorized capital stock of EDA NJ consists of 100,000 shares of Common Stock, all of which are issued and outstanding as of the date hereof. Pursuant to the EDA NJ Consent, EDA Development (HK) Ltd., a Hong Kong company (“**EDA HK**”) is the sole shareholder of EDA NJ.

Pursuant to the EDA CA Articles, and EDA CA’s Organizational Minutes of its Board of Directors dated December 12, 2013 (the “**EDA CA Organizational Minutes**”), the authorized capital stock of EDA CA consists of 1,000,000 shares of Common Stock, 1,000 shares are issued and outstanding as of the date hereof.

Pursuant to EDA CA’s Organizational Minutes, EDA CA sold and issued a total of 1,000 shares of its Common Stock at a \$1 per share, consisting of 510 shares to Yuhui Zheng, 260 shares Xiao Xin Zhang, 150 shares to Ping Xiang, and 80 shares Xiaoling Tao (each a “**Former Shareholder**” and together, the “**Former Shareholders**”).

Subsequently, pursuant to a Transfer of Ownership Interest dated as of November 25, 2015, the Former Shareholders transferred and assigned all of their shares to EDA HK, which is now the sole shareholder of EDA CA.

Pursuant to the EDA NJ Consent and the EDA CA Organizational Minutes, all issued and outstanding shares of Common Stock of the Group Companies have been duly authorized and validly issued and are fully paid and nonassessable. EDA HK has valid, legal and beneficial title to the issued shares of the Group Companies.

Whether there is any legal restriction or requirement on the nationality of the shareholders or on the percentage of local / foreign shareholding and if so, whether the same has been duly complied with;

Under applicable California and New Jersey law, there are no legal requirements on the nationality of the shareholders or local/foreign shareholding requirements to hold shares in either of the Group Companies.

(i) if any shares are held by a trustee, the identity of the beneficiary(ies), and confirm whether there are any local restrictions against trust arrangements or there are any registration / filing / stamping requirements in relation to the trust arrangements and if so, whether the same has been duly complied with; (ii) whether any of the shares is subject to third party interests (such as mortgages, charges, pledges or any other encumbrances) and whether exercise of such rights is subject to any restriction or limitation; (iii) whether there is any outstanding option or security convertible or exchangeable into shares; (iv) whether there are any outstanding rights, warrants or options to acquire, or instruments convertible or exchangeable into, any shares or equity interest in the Group Companies; and (v) whether all historical changes in the shareholding structure (including any issue, allotment or transfer of shares) of each of the Group Companies since its incorporation were lawful and valid.

Based on the Information, the shares of the Group Companies are wholly owned by EDA HK. Based on our knowledge and our review of the Information, there are no outstanding options or securities convertible or exchangeable into shares or equity interest of the Group Companies. There are no outstanding rights, warrants or options to acquire or instruments convertibles or exchangeable into shares of equity interest of the Group Companies based on our review of the Information. Based on the Information, all changes in the shareholding of the Group Companies, since incorporation were lawful and valid.

There does not appear to be any third-party interest or encumbrances on the shares based on our review of the Information, though we are not able to confirm whether or not the shares are subject to any third-party interest or any encumbrances. Neither the State of California nor the State of New Jersey require public disclosure or filings with respect to third-party interests or encumbrances on shares or other equity interests issued by corporations or other entities formed in the state. Do note that upon performing a lien search on the Group Companies, there is a UCC financing statement filed by Bank of the West (the “**Bank**”) against EDA CA, where three (3) Toyota trucks and certain equipment leased or financed from the Bank are placed as collateral in case of default under such equipment lease.²

(i) whether all consents, approvals and authorizations of, and all filings, registrations and qualifications with, any court, governmental or regulatory department or agency or other regulatory body in the local jurisdiction required under local laws with respect to the allotment and issuance of the shares have been obtained; (x) whether there are any restrictions on any other person on voting, holding or transferring the shares; xi) whether there has been any share redemption, buy back, reduction of capital, spin-off, split-off or carve-out carried out by the Group Companies since their incorporation;

All consents, approvals and authorizations of, and all filings, registrations and qualifications with, any court, governmental or regulatory department or agency or other regulatory body in the local jurisdiction required under local laws with respect to the allotment and issuance of the shares of EDA CA and EDA NJ have been obtained.

Based on our review of the Information including the EDA CA Bylaws, the EDA NJ Bylaws, the EDA CA Articles, and the EDA NJ Certificate, there are no restrictions on any other person on voting, holding or transferring the shares of EDA CA and EDA NJ, as applicable. Based on our review of the Information, there have not been any share redemptions, buy-backs, spin-offs involving any of the Group Companies since their incorporation.

6. Information on the board of directors and any holder of any senior management position(s) as prescribed under the relevant local laws and regulations of the Group Companies, including:

(i) the identities of the current directors and past directors during the Track Record Period;

Mr. Yong Liu is the sole director of each of the Group Companies.

(ii) any senior management position held other than directorship (such as supervisor) as prescribed under local laws; and

With respect to EDA CA, Yong Liu is the Chief Executive Officer, Tongqing Liu is the Chief Financial Officer and Yanhui Liu is the Secretary.

² A UCC filing allows for creditors to notify or to put other creditors on notice about a debtor’s assets used as collateral for a secured transaction.

With respect to EDA NJ, Yong Liu is the Chief Executive Officer, Chief Financial Officer and Secretary.

(iii) whether the board of directors and senior management of the Group Companies have any relationships with any directors or senior management or controlling shareholders of the Company and a negative statement where appropriate.

We have no knowledge of, nor have we been provided with any Information to indicate that the board of directors and management of the Group Companies have any relationships with the directors, senior management or controlling shareholders of EDA.

II. REAL PROPERTY

1. *If each Group Company leases any landed property from third party, set out the brief particulars of each of the lease agreements; whether the lease agreement is legal, valid and enforceable; and whether all necessary permits and/or registration for the leasing of the landed property have been obtained or made, and the maximum legal liabilities if the answer to any of the above is in the negative.*

2. *Where each Group Company has signed a warehouse operations agreement/ lease, include the details regarding that material contract. As regards material contracts:*

- *brief particulars of each of the material contracts;*
- *whether material contracts are legal, valid and enforceable in accordance with their terms under local laws;*
- *whether there has been any material breach, revocation or termination of any of such material contracts under local laws and if so, the remedies sought and outcome;*
- *that the performance of the material contracts will not result in the violation of local laws;*
- *whether any party thereto (including its properties, assets or reserves to the extent located in the local jurisdiction) is entitled to any immunity on the grounds of sovereignty from legal action, suit or proceedings, from set-off or counterclaim being claimed in proceedings in the local jurisdiction under local laws;*
- *whether the material contracts contravene public policy in the local jurisdiction;*
- *whether the choice of law governing such material contracts is recognized and binding under local laws;*
- *whether the execution, delivery and performance of the material contracts by the Group Companies will violate (a) the bylaws of the Group Companies, (b) any applicable law, regulation, order or decree or (c) any indenture, mortgage, loan agreement, trust deed or other agreement to which each Group Company is a party or by which any of it or its assets is bound;*

- *whether each Group Company has the necessary power and authority, and has taken all corporate action required, to enter into and perform its obligations under such material contracts under local laws; and*
- *whether the consent to jurisdiction or the appointment of agent for service of process as provided for in the contract constitutes a valid consent to jurisdiction and a valid appointment of agent for service of process under local laws.*

EDA CA

- EDA CA entered into a Lease Agreement with LBA RV-Company XXX, LP, a Delaware limited partnership, dated as of October 30, 2020, to rent approximately 133,115 square feet of building space located at 19740 Banana Avenue, Fontana, California. The lease commenced on January 1, 2021 and it is for a term of 87 months. The base monthly rent starts at \$89,187 for the first year and increases every year thereafter, until increased to \$109,688 for the last 3 months of the lease term. The building space is to be used for warehousing, storage, distribution and general office use related thereto.
- EDA CA entered into a Lease Agreement with PROLOGIS, a Maryland real estate investment trust, dated as of March 31, 2021, to rent approximately 124,800 square feet of building space located at Atlanta Northeast 4, 305 Best Friend Court, Norcross, GA. The lease commenced on June 1, 2021 and it is for a term of 62 months. The base monthly rent starts at \$58,760 for the first year and increases every year thereafter, until increased to \$68,118 for the last 2 months of the lease term.
- EDA CA entered into a Lease Agreement with Ivy Commerce Property, LLC, a Delaware limited liability company, dated as of September 17, 2015, to rent approximately 220,270 square feet of building space located at 51 Commerce Drive, in South Brunswick, New Jersey for general warehouse and distribution use. The Lease Agreement commenced in September 2015 and it is for a term of 62 months. The base monthly rent start at \$18,170.33 per month and increased to \$20,061.52 for the last 2 months of the lease term. As the lease term commenced in September of 2015 and was for a term of 62 months, it is unclear as to whether the lease has been extended and is still currently in effect.
- EDA CA entered into a Third Amendment to Air Commercial Real Estate Association Standard Industrial/Commercial Multi-Tenant Lease- Gross (the “**Amendment to the Lease**”)³ with The Goldman Family Inter Vivos Trust dated as of September 8, 2020 (the “**Landlord**”). Based on the recitals in the Amendment to the Lease, the original lease was made by and between V4INK Inc. and the Landlord to rent approximately 69,888 square feet of space located at 1251 Rockefeller Avenue, Ontario, California for general office, showroom, storage and distributions space. The Lease was then assigned to EDA CA on March 6, 2015, pursuant to a First Amendment to the Lease, and the leased area was expanded to 93,184 square feet of space on March 17, 2018 pursuant to a Second Amendment to the Lease. Per the Amendment to the Lease, the leased space has been expanded to 139,766 square feet, with a lease term until September 30, 2025. The base monthly rent is \$88,052 and increases every year thereafter, until increased to \$102,077 for the last 4 months of the lease term.

It is noted that under the Amendment to the Lease, the parties acknowledged that EDA CA was late in making its rent payments for the period from September 2018 to May 2020,

³ Note that we were not provided with the original lease agreement nor the First and Second Amendments to the lease agreement with Goldman Family Inter Vivos Trust.

incurring late charges in the amount of \$85,311 in the aggregate. The Landlord had agreed to accept the total sum of \$50,955 (the “**Settlement Amount**”) instead of the full amount on the condition that EDA CA remains current on its rent obligations or does not otherwise default on any of its obligations under the lease. In the event that EDA CA breaches under the terms of the lease including the payment of the Settlement Amount, then it is to pay an additional \$50,955 to the Landlord. Based on the Information provided to us, we have no knowledge of whether EDA CA has since breached any of its obligations under the terms of the lease.

EDA NJ

- EDA NJ entered into a Lease Agreement with S/K Edison I Associates L.L.C. a New Jersey limited liability company, dated as of April 23, 2021, to rent certain building space to be used for warehousing and distribution. The building contains 89,200 square feet of space, which is located at 30 Executive Avenue, Edison, New Jersey. The Lease is for a term of 121 months commencing on May 1, 2021. The base monthly rent starts at \$79,908 for the first year and increases every year thereafter, until increased to \$104,262 for the last year of the lease term.
- EDA NJ entered into a Sublease Agreement with American Hotel Register Company, an Illinois corporation (“**Sublessor**”) dated as of December 23, 2019. The Sublessor has leased 477,736 square feet of a building located at 1620 River Road, in Burlington, New Jersey, pursuant to a lease agreement with Lion FGC Burlington LLC (the “**Landlord**”). EDA NJ is subleasing from Sublessor approximately 130,208 square feet of space commencing on February 1, 2020 and ended on December 31, 2023. The base monthly rent starts at \$56,966 per month and increases 2.5% annually.

EDA NJ entered into a First Amendment to Sublease (the “**First Amendment**”) with the Sublessor on January 1, 2021, as a result of an alleged breach and default of the lease agreement between Sublessor and Landlord. The Landlord had filed a complaint against both Sublessor and EDA NJ on June 15, 2020, which were dismissed on October 23, 2020. Pursuant to the terms of the First Amendment, EDA NJ and Sublessor agreed that EDA NJ had owed \$803,228.84 for rent due and the parties agreed that EDA NJ is to pay \$719,379.09 to Sublessor in resolution of the dispute, following which the parties agreed that all claims against one another are released and the Sublease Agreement shall then continue to be in full force and effect. Based on the Information provided to us, we have no knowledge of whether EDA NJ has since breached any of its obligations under the terms of the Sublease Agreement.

Based on our review of the Information provided to us and to our knowledge, other than the late payment by EDA CA as set forth in the Amendment to the Lease and the settlement payment by EDA NJ as set forth in the Amendment to Sublease, there have been no material breaches by EDA CA or EDA NJ under any of the lease agreements. The various lease agreements with the lessors are fully-executed by the parties and currently in effect, and are valid and enforceable agreements in accordance with their terms. The execution, delivery and performance of the leases by the Group Companies do not violate each of the Group Company’s bylaws or any indenture, mortgage, loan agreement to which each Group Company is a party or is bound (assuming no such indenture, mortgage, or loan agreement have been entered into by any Group Company).

Based solely on our review of the Information provided to us and to the best of our knowledge, 1) the performance of the leases entered into by EDA CA and EDA NJ (assuming such leases are currently in effect) do not result in the violations of their respective local laws, 2) the leases do not contravene with the public policy of their respective local laws, 3) no party under the

leases is entitled to any sovereign immunity from legal action, suit or proceedings, from set-off or counterclaim being claimed under their respective local laws, and 4) the choice of law of the leases and consent to jurisdiction is recognized and binding under their respective local laws.

We call to your attention the fact that (1) the EDA NJ Lease Agreement with S/K Edison I Associates L.L.C., a New Jersey limited liability company and EDA NJ Sublease Agreement with American Hotel Register Company, an Illinois corporation, and EDA CA Lease Agreement with Ivy Commerce Property, LLC, a Delaware limited liability company, provide that the agreements will be governed by and construed in accordance with the laws of the State of New Jersey, and (2) the EDA CA Lease Agreement with PROLOGIS, a Maryland real estate investment trust provides that it will be governed by and construed in accordance with the laws of the State of Georgia. For purposes of the information contained in this Report, we have assumed that New Jersey law and Georgia law, respectively, are the same as and would be construed by a court in their respective jurisdictions the same as would be construed under California law, notwithstanding provisions contained in the lease agreement that they be governed by New Jersey law and Georgia law, as applicable.⁴

III. EMPLOYMENT

1. ***Whether the form of the employment contract provided by the Group Companies is in compliance with the applicable local laws and regulations relating to employment (including but not limited to minimum wage, statutory leave, and maximum work hours).***

Based on our review of the Information, and contingent on the Group Companies' implementation of the recommended rectification measures detailed below, the Group Companies' sample employment agreements and employee onboarding procedures will likely be in compliance with applicable federal and local employment laws and regulations.

For EDA NJ, employment agreements for current employees must be rectified to inform employees of their regular payday, and all applicable rates of pay. In New Jersey, an employer's failure to notify employees at the time of hire of the employees' rate(s) of pay and regular payroll schedule can result in civil and criminal penalties, including, but not limited to, conviction for a disorderly persons offense. Upon conviction for an initial violation, an employer can be assessed a resulting fine of \$500 to \$1,000, or imprisonment between 10 to 90 days, or both. For subsequent violations, an employer can be assessed a fine of \$1,000 to \$2,000, or imprisonment for 10 to 100 days, or both. Furthermore, each workweek in which a violation occurs constitutes a separate and distinct offense.

EDA CA's sample employment agreements are in compliance with applicable state and local laws and regulations.

Pending the Group Companies' confirmation that all required rectification measures have been implemented, the sample employment agreements will likely be in compliance with applicable federal and local employment laws and regulations.

Although not specifically required under the law, we additionally recommend that the Group Companies' employment agreements, going forward, address the employee's continuing obligations relating to the Group Companies' (or third party's) proprietary information and trade secrets, and require the employee to assign all inventions and intellectual property developed during the employee's period of service to the Group Companies as a condition of employment. We also recommend that the employment agreements contain information regarding the

⁴ With respect to the information contained in Section II of this Report, we hereby assume that New Jersey law and Georgia law are the same as that of California law. To the extent that Recipient requires further analysis of (1) the EDA NJ lease agreement with S/K Edison I Associates L.L.C. or (2) the EDA CA lease agreement with PROLOGIS, Recipient is advised to engage local real estate counsel admitted to practice in the laws of their respective jurisdictions.

employee's specific job duties and schedule, and explain in greater detail each bonus plan applicable to the employee. For example, the employment agreement should define and explain the monthly medical subsidy plan, the monthly position performance bonus program, and the piecework bonus policy. To the extent employees are or become eligible to earn commissions, a written commission plan must be provided to employees and signed by them. The commission plan must include information describing the terms and conditions for earning commissions, including any excluded items, as well as information about how the commissions will be calculated and paid.

2. *Whether there is any actual dispute or claim to be brought against the Group Companies by its employees and/or labor unions in respect of employment matters (including but not limited to minimum wage, statutory leave, maximum work hours, unpaid remuneration, furlough scheme and/or redundancies plan, forced labor); if yes, whether they have been settled or status of the relevant claims (if any).*

Based on our review of the Information, there are no documented or presently known disputes or claims by employees related to employment matters (including, but not limited to, minimum wage, statutory leave, maximum work hours, unpaid remuneration, furlough scheme, etc.), or any settlement of such claims. There is currently insufficient information to determine whether there is any actual dispute or claim to be brought against any of the Group Companies with respect to employment matters. Based on the Information provided, neither entity has any unionized employees in the United States.

3. *Incidences of the Group Companies' non-compliance with the applicable local laws, rules and regulations, decrees and orders relating to occupational health, workplace safety and health ("Safety and Health Laws") during the Relevant Period, including a statement of the brief particulars of the non-compliance, the legal consequences and the rectification actions as may be taken.*

The Group Companies are in compliance with the following federal and/or OSHA requirements:

1) providing safety and health operating procedures, including a mandatory Log of Work-Related Injuries and Illnesses (OSHA Form 300 or OSHA Form 300A) for the current calendar year;

2) providing Safety Production Training Guidelines for warehouse employees, including mandatory employee forklift training last conducted on March 6, 2023 in the California facility;

3) providing documentation of regular and recurring mandatory safety trainings in a language and vocabulary that workers can understand; and

4) posting prominent and up-to-date OSHA and Cal-OSHA posters informing employees of their rights and responsibilities regarding workplace safety at a prominent location within the workplace, and that, if applicable, the Group Companies have posted OSHA citations at or near the work area involved, until three working days have passed or the violation has been corrected, whichever is longer.

Based on our review of the Information, the Group Companies are not currently in compliance with California state OSHA requirements but are in the process of updating their practices to comply, including the rectification measures described below.

However, to comply with California-specific requirements, EDA CA should take immediate steps to prepare a compliant Injury and Illness Prevention Plan (IIPP), including identifying a person or persons with authority and responsibility for its implementation and

addressing specific topics such as communicating with employees, records of scheduled and periodic inspections required by Cal-OSHA to identify unsafe conditions and work practices, and other requirements. A draft policy has been provided to EDA for prompt inclusion in EDA CA's OSHA and safety documentation procedures.

Pending the Group Companies' confirmation that the aforementioned rectification measures have been implemented, the Group Companies are likely in compliance with applicable federal and local requirements relating to occupational health, workplace safety, and health.

4. *(If applicable) If there is any approval / license / permit each Group Company has to obtain or comply with under the Safety and Health Laws based on the Group Company's description of its business, whether such approval / license / permit has been obtained and maintained by the Group Company during the Relevant Period. In case of non-compliance, please state the brief particulars of the non-compliance, the legal consequences and the rectification actions as may be taken.*

Based on our review of the Information and pending the Group Companies' responses to our inquiries regarding industry-specific equipment, interstate transportation services subject to DOT regulations, or the presence of hazardous chemicals in any Group Companies' facilities, if any, there is currently insufficient information to determine whether either Group Company is in material compliance with applicable laws and regulations regarding mandatory safety and health approvals, licenses, and permits.

First, EDA CA's mandatory business license with the City of Ontario is currently in good standing.

Second, in compliance with California state requirements, EDA CA is additionally insured through KCAL Insurance Agency and Clear Springs Property and Casualty Company for workers' compensation coverage at both California facilities. This coverage is valid until May 21, 2024.

In addition, EDA CA's commercial excess liability insurance through KCAL Insurance Agency, carried by Evanston Insurance Company and James River Insurance Company, includes per-occurrence and general aggregate insurance premiums totalling up to \$3,000,00.00 USD. This policy was valid until October 4, 2023. This insurance policy specifically excludes coverage for employment-related practices (defined as "wrongful employment practices, class suits, discrimination, professional liability"), ERISA (Employee Retirement Income Security Act of 1974) claims, as well as advertising and personal injury liability. As noted in the insurance policy, KCAL is not licensed by the State of California and will not be subject to the financial solvency regulations and enforcement that applies to California-licensed insurers, and KCAL does not participate in any of the insurance guarantee funds created by California law. While EDA CA is not legally required to retain insurance from a California-licensed insurer, not doing so means EDA CA and any potential claims will not be protected by insurance guarantee funds in the case that the insurer becomes insolvent and is unable to make payments as promised under the policy.

5. *Whether any abovementioned approval / license / permit remains valid, subsisting and not liable to be suspended, revoked, cancelled or terminated.*

Based on our review of the Information, and pending the Group Companies' responses to our inquiries regarding industry-specific equipment, interstate transportation services subject to DOT regulations, or the presence of hazardous chemicals in any Group Companies' facilities, if any, there is currently insufficient information to determine whether any applicable approvals, licenses, and permits remain valid, subsisting, and not liable to be suspended, revoked, cancelled, or terminated.

As noted above, EDA CA's mandatory worker's compensation insurance coverage is valid until May 21, 2024.

IV. INTELLECTUAL PROPERTY LITIGATION

Withers was requested to by the Recipient to provide a summary of the intellectual property cases summarized below.

3. BMW case against EDA CA

BMW North America, LLC and Bayerische Motoren Werke AG (the “**Plaintiffs**”) filed a lawsuit against EDA CA in U.S. federal court, Central District of California, in Riverside, California on October 9, 2019. The complaint alleged causes of action for Federal Trademark Infringement & Counterfeiting under 15 U.S.C. §1114; False Designation or Origin/Unfair Competition under 15 U.S.C. §1125(a); Trademark Dilution under 15 U.S.C. §1125(c); Contributory Trademark Infringement and Vicarious Trademark Infringement.

The plaintiffs alleged that EDA CA imported counterfeit goods into the United States from China bearing BMW trademarks, transported or arranged for the transportation of the counterfeit goods to its warehouse in California as the ultimate consignee for foreign freight not yet sold to consumers, and then fulfilled orders that were advertised for sale and sold online by foreign third-party sellers through eBay.com. EDA CA’s answer to the complaint denied the allegations.

This case was voluntarily dismissed by the plaintiffs on April 13, 2020. The court docket does not indicate why the complaint was dismissed or whether a settlement agreement was reached between the parties.

4. OtterBox case against EDA CA and EDA NJ

Otter Products, LLC (“**OtterBox**”) filed a lawsuit against EDA CA and EDA NJ as co-defendants in the Southern District Court of New York in White Plains, New York on February 21, 2019. The complaint alleged Trademark Counterfeiting and Trademark Infringement, both causes of action arising under 15 U.S.C. §1114, and Unfair Competition, False Designation of Origin & False Description under 15 U.S.C. §1125(a). OtterBox alleged that the EDA CA and EDA NJ knowingly imported counterfeit OtterBox products into the U.S. and resold them to Walmart. The complaint stated that at least 18 purchases of infringing OtterBox products were purchased from Walmart that were traced back to EDA CA and EDA NJ. In their answer, EDA CA and EDA NJ denied the allegations of the complaint.

The parties to this case stipulated to a voluntary dismissal without prejudice July 31, 2019. The federal court docket does not indicate whether the parties entered into a settlement agreement.

Withers Bergman LLP

Withers Bergman LLP

Schedule 1 – Addressees

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Wing On Centre

111 Connaught Road Central

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