LAWS AND REGULATIONS IN THE PRC

This section sets forth a summary, which do not purport to be complete, of the most significant rules and regulations that affect our business activities in PRC. Information contained in the following should not be construed as a comprehensive summary of laws and regulations applicable to us.

Laws and Regulations Governing the PVC Flooring Industry

On September 29, 2014, the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部) issued Homogeneous Chloride Floor Covering Sheets (JG/T 456-2014) (《同質聚氯乙烯(PVC)卷材地板(JG/T 456-2014)》), which became effective on April 1, 2015. As a recommended industry standard focusing on the engineering application characteristics of homogeneous PVC roll flooring, it clarifies key requirements such as product appearance quality (color uniformity, limits of surface defects, etc.), density, cigarette burn resistance, welding strength, and stain resistance. It also specifies the key points for incoming inspection, construction compatibility, and project acceptance of products, and applies to the selection, construction, and quality control of homogeneous PVC roll flooring in building decoration and renovation projects.

On June 26, 2019, the Ministry of Ecology and Environment (生態環境部) and other relevant departments jointly issued the Comprehensive Control Plan for Volatile Organic Compounds in Key Industries (《重點行業揮發性有機物綜合治理方案》), which became effective on the date of issuance. This plan puts forward clear control requirements for volatile organic compounds (VOCs) emissions during the production process of PVC flooring, specifying that the emission concentration limit shall be 60mg/m³ and the emission rate shall not exceed 3.0kg/h. It also requires enterprises to equip supporting VOCs collection and treatment facilities and establish an emission monitoring account system, which applies to the construction of environmental protection facilities, daily emission control, and supervision and inspection by environmental protection departments in the production process of PVC flooring.

On December 29, 2022, the Ministry of Ecology and Environment, together with other ministries including the Ministry of Industry and Information Technology (工業和信息化部) (the "**MIIT**") and the General Administration of Customs (海關總署), issued the Priority List of Controlled New Pollutants (2023 Edition) (《重點管控新污染物清單(2023年版)》), which became effective on March 1, 2023. This list includes substances such as chlorinated paraffins (including short-chain and medium-chain chlorinated paraffins), which are often used as plasticizers and flame retardants in the production of PVC flooring. The list explicitly requires PVC flooring manufacturers to strictly control the content of chlorinated paraffins in raw materials, standardize their use and emission management during the production process, establish an environmental risk control account for new pollutants, and strengthen the testing and traceability of relevant substances in products. It applies to raw material control, product quality inspection, and environmental risk prevention and control in the production process of PVC flooring.

Regulations Related to Environmental Protection

Environmental Protection

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by the Standing Committee of the National People's Congress of the People's Republic of China (中華人民共和國全國人民代表大會常務委員會) (the "**SCNPC**") on 26 December 1989, subsequently amended on 24 April 2014, and implemented since 1 January 2015, construction of projects that cause environmental pollution shall comply with the requirements of environmental protection administration for the respective construction projects. Projects that cause environmental pollution shall be subject to environmental impact assessment, and the pollutant discharge license management system shall be implemented. Installations for the prevention and control of pollution at a construction project must be designed, built and commissioned simultaneously with the principal part of the project. The PRC government implements the pollution discharge license management system in accordance with the law. Enterprises, public institutions and other producers and operators that implement the pollution discharge license management shall discharge pollutants according to the requirements of the pollution discharge license; those that fail to obtain the pollution discharge license shall not discharge pollutants.

Solid Waste

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 30, 1995, and implemented since April 1, 1996, and last amended on April 29, 2020 and implemented since September 1, 2020, any entity or individual that produces, collects, stores, transports, utilizes, or disposes solid wastes shall take measures to prevent or reduce environmental pollution caused by solid wastes, and be liable for resultant environmental pollution in accordance with the law.

Environment Impact Assessment

On October 28, 2002, the SCNPC promulgated the Environmental Impact Assessment Law of PRC (《中華人民共和國環境影響評價法》), which was amended on July 2, 2016 and December 29, 2018, and implemented since December 29, 2018. According to the Environmental Impact Assessment Law, the State Council of the PRC (中華人民共和國國務院) (the "**State Council**") implemented the environmental impact assessment to classify construction projects according to the impact of the construction projects on the environment.

Environmental Protection Acceptance of Completed Construction Projects

Pursuant to the Regulations on the Administration Construction Project Environmental Protection (《建設項目環境保護管理條例》), which was revised on July 16, 2017 and implemented on October 1, 2017 after the completion of a construction project for which an environmental impact report or an environmental impact report form is required, the construction entity shall, according to standards and procedures prescribed by the environmental protection administrative authorities, conduct environmental protection completion acceptance check and compile an acceptance check report. A construction project for which an environmental impact report or an environmental impact report form is required shall not be put into production or use until the environmental protection completion acceptance check has been passed.

Pursuant to the Law of the PRC on Assessment of Environment Impacts (《中華人民共和國環境影響評價法》) (adopted on 28 October 2002, amended on July 2, 2016 and December 29, 2018 and lastly implemented on December 29, 2018), the project undertaker shall, in accordance with the Classified Management Catalogue for Environmental Impact Assessment of Construction Projects (《建設項目環境影響評價分類管理名錄》) formulated by the Ministry of Ecology on November 30, 2020, and came into effect on January 1,2021, go through the relevant formalities for its construction project in accordance with the following provisions: (1) Where a construction project is likely to cause major environmental impacts, an environmental impact report shall be compiled to conduct a comprehensive assessment of such environmental impacts; (2) Where a construction project is likely to cause minor environmental impacts, an environmental impact statement shall be compiled to conduct an analysis or special assessment of such environmental impacts; (3) Where a construction project is likely to cause negligible environmental impacts and thus no environmental impact assessment is required, an environmental impact registration form shall be filled out. Where the environmental impact assessment document of a construction project fails to pass the review or is not approved upon review by the legally prescribed examination and approval authority, the examination and approval authority of the project may not approve the construction of such project, and the project undertaker may not commence construction.

Regulations Related to Work Safety

Production Safety

According to the Regulations on the Safety Supervision of Special Equipment (《特種設備安全監察條例》), which was released on March 11, 2003, revised on January 24, 2009 and promulgated on May 1, 2009 by the State Council, entities that use elevators and other special equipment must meet the statutory requirements in such aspects as personnel, management system, regular inspection and legal license. Entities using special equipment shall strictly implement the provisions of these Regulations and laws and administrative regulations on safe production, and ensure safe use of special equipment.

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Production Safety Law**") promulgated by the SCNPC on June 29, 2002 and implemented on November 1, 2002, and last revised on June 10, 2021 and came into effect on September 1, 2021, entities that are engaged in the production and business operation activities within the territory of the PRC shall comply with the Production Safety Law and other relevant laws and regulations on production safety; (ii) strengthen production safety management, establish and improve a full-staff production safety responsibility system and production safety rules and regulations; (iii) increase investment in safety production funds, materials, technology and personnel, improve safety production conditions, enhance safety protection measures at production sites, and strengthen the standardization and informatization of production safety; (iv) establish and implement a dual prevention mechanism for safety risk classification control and hidden danger investigation and treatment, improve the safety accident liability system, and ensure work safety at production sites. Production and business entities must implement national or industrial safety standards formulated in accordance with law and meet the safety production conditions specified by such standards. Entities that do not meet the safety production conditions shall not engage in production and business operation activities.

Fire Protection

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021 and effective therefrom, the Department of Emergency Management under the State Council (國務院應急管理部) and the local people's governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people's governments shall be responsible for implementation. The design of fire control of the construction projects must comply with the national technical standards of fire control. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business.

According to the last amended on April 29, 2021 and implemented since the same date, together with the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design for Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部) on April 1, 2020 and implemented since June 1, 2020, and last amended on August 21, 2023 and came into effect on October 30, 2023, upon the completion of construction projects, application for acceptance on fire prevention is required by the competent department of housing and urban-rural development under the State Council, the construction entities shall apply to the competent department of housing and urban-rural development for acceptance checks for fire prevention. With respect to construction projects other than those mentioned above, construction entities shall, after an acceptance check, file their results to the competent department of housing and urban-rural development for record purposes, and such department shall conduct random inspections thereof. Construction projects that are subject to fire prevention acceptance check in accordance with the laws are prohibited from being put into use if they do not go through or fail the fire prevention acceptance check. Other construction projects that fail the random inspections according to laws shall be suspended from using.

Use of Dangerous Chemicals

According to the Law of the PRC on the Safety of Hazardous Chemicals (《中華人民共和國危險化學品安全法》) promulgated by the SCNPC on 27 December 2025 and will take effect from 1 May 2026, Entities whose usage quantity of hazardous chemicals reaches the prescribed threshold shall obtain a safety use license and be staffed with full-time safety management personnel. The storage of hazardous chemicals shall comply with national standards, which shall be kept in dedicated warehouses for dedicated purposes and stored by classification and zoning. The transportation of hazardous chemicals shall be entrusted to qualified entities. Whether a production raw material falls into the category of hazardous chemicals shall be determined in accordance with the Catalogue of Hazardous Chemicals (《危險化學品目錄》) promulgated on 27, February, 2015 and amended on October 13, 2022 by the State Administration of Work Safety (國家安全生產監督管理總局) , and came into effect on November 7, 2022.

According to the Regulations on the Safety Administration of Dangerous Chemicals (《危險化學品安全管理條例》) promulgated by the State Council on January 26, 2002 and amended on February 16, 2011 and 7 December 2013 and came into effect on the same day, the usage conditions (including the process) of the entities using dangerous chemicals shall meet the requirements of the relevant laws and administrative regulations as well as national standards and industrial standards, and shall establish and improve the safety management regulations and safe operation rules for use of dangerous chemicals according to the categories, dangerous properties, the use quantity and the way of use of the dangerous chemicals, so as to guarantee the safe use of dangerous chemicals. If a chemical entity uses dangerous chemicals in production and the quantities of the dangerous chemicals reach the prescribed threshold, the entities shall obtain the licenses for safety use of dangerous chemicals under the provision of this regulation.

Regulations Related to Product Quality and Consumer Protections

Product Quality

In accordance with the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, and most recently amended on December 29, 2018 and came into effect on the same day, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller.

Product Quality Standards

According to the Standardisation Law of the PRC (《中華人民共和國標準化法》) promulgated by the SCNPC on 29 December 1988, revised on 4 November 2017, and became effective on 1 January 2018, national standards shall be formulated for technical requirements that need to be unified nationwide. Industry standards may be formulated for technical requirements that need to be unified within a specific industry in the PRC. Mandatory standards shall only be established as national standards, which must be complied with; products failing to meet mandatory national standards are prohibited from production, sale and import. Industry and local standards are recommended and the state encourages enterprises to voluntarily adopt them.

The national mandatory standard Indoor Decorating and Refurbishing Materials — Limit of Formaldehyde Emission of Wood-based Panels and Finishing Products (《室內裝飾裝修材料 — 人造板及其製品中甲醛釋放量》) (GB 18580-2017) was issued by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC(中華人民共和國國家質檢總局) (This authority was abolished in the institutional reform of the State Council in 2018, and its standardization administration functions were incorporated into the State Administration for Market Regulation (國家市場監督管理總局) and the Standardization Administration of the PRC (中華人民共和國國家標準化管理委員會) on 22 April 2017 and became effective on 1 May 2018. It applies to all wood-based panels and their products used in interior decoration that release formaldehyde, stipulating a unified E1-class limit of formaldehyde emission (≤ 0.124 mg/m^3) and specifying the 1-cubic-meter climate chamber test method as the sole detection approach.

Consumer Protections

Pursuant to the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) (the "**Consumer Rights and Interests Protection Law**"), as last amended by the SCNPC on October 25, 2013 and came into effect on March 15, 2014, operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide customers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Rights and Interests Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacing or repairing the commodities, mitigating the damages, compensation, and restoring the reputation, and subject the business operators or the responsible individuals to criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of consumers.

The Regulation on the Implementation of the Consumer Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法實施條例》), which was promulgated by the State Council on March 15, 2024 and became effective on July 1, 2024, further details and supplements the obligations of operators and improves the relevant regulations on online consumption, strengthens the obligations of operators in prepaid consumption and regulates the behavior of consumer claims.

REGULATIONS ON EMPLOYMENT, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Employment

The major PRC laws and regulations that govern employment relationships are the Labor Law of the PRC (《中華人民共和國勞動法》) (promulgated by the SCNPC on July 5, 1994, lastly amended on December 29, 2018 and came effect on the same day), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**") and their implementation rules, which impose stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which was promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012 and became effective on July 1, 2013, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner. In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security (人力資源和社會保障部) on January 24, 2014 and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") issued by the SCNPC on October 28, 2010 and amended on December 29, 2018 and became effective on the same day, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance.

Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38 Paragraph 3 of the Labor Contract Law, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and most recently amended on March 24, 2002, and March 24, 2019 and came into effect on the same day, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount of no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS RELATED TO LAND USE

Urban and Rural Planning Law of the PRC

The Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) was first promulgated by the SCNPC on October 28, 2007 and amended on April 24, 2015 and April 23, 2019 and came into effect on the same day. In accordance with the aforementioned legal provisions, to build any building, structure, road, pipeline or other engineering project within a city or town planning area, the relevant construction entity or individual shall apply for a Construction Work Planning Permit from a competent urban and rural planning administrative department of the people's government at the municipal or county level or to the people's government of town as recognized by the people's government of a province, autonomous region or municipality directly under the Central Government, and submit documents proving the use of the land and the construction project design proposal. Projects that comply with planning will obtain the planning permit.

Regulations on Completion Acceptance of Housing Construction and Municipal Infrastructure Projects

According to the Regulations on the Administration of Construction Quality (《建設工程質量管理條例》) (promulgated by the State Council on Janurary 30, 2000, lastely amended and came into effect on April 23, 2019) and the Administrative Measures for Recording of the Inspection and Acceptance on Construction Completion of Buildings and Municipal Infrastructures (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated and implemented by the former Ministry of Construction on October 19, 2009, a construction project shall not be delivered for use unless it has passed the acceptance checks. The construction entity should file a record to a competent construction administrative department of the people's government at or above the county level of the place where the project is located within 15 days from the day when the construction project passes the acceptance checks.

Only construction projects that meet the following requirements can proceed to completion and acceptance inspection: the project must complete all the contents stipulated in the design and contract. The construction entity must verify the quality of the project, ensure compliance with regulations and standards and submit a completion report. Supervision projects require a quality assessment report. Survey and design entities must review documents and design changes and issue a quality report. There must be complete technical records, construction management data, test reports and quality data for major building materials, components and equipment. The construction entity must make payments for the project, and the construction entity must provide a quality warranty. Residential projects must undergo individual household acceptance inspections and issue acceptance forms. All issues raised by the construction regulatory departments and quality supervision institutions must be rectified and fulfill other conditions stipulated by laws and regulations.

Land Administration Laws of the PRC

The Civil Code of the PRC (《中華人民共和國民法典》) was promulgated by the SCNPC on May 28, 2020, and implemented on January 1, 2021. According to the Civil Code, the establishment, modification, assignment and extinguishment of real estate property rights are effective upon registration in accordance with the law; unless the law stipulates otherwise, such establishment, modification, assignment and extinguishment shall be ineffective without registration. Real estate registration shall be handled by the registration authority at the location of the property.

The Land Administration Law of the PRC (《中華人民共和國土地管理法》) was first issued by the SCNPC on June 25, 1986, with the latest revision published on August 26, 2019 and came into effect on January 1, 2020, respectively. Pursuant to the Land Administration Law, construction entities that have obtained state-owned land use rights through paid leasing must pay the land use right leasing fees and other fees and expenses in accordance with the standards and methods prescribed by the State Council before they can use the land. Construction entities using state-owned land must use the land in accordance with the provisions of the contract for paid use of leased land use right or according to the provisions of the documents of approval concerning the allocation of land use right. For urban planned areas, changing land use requires prior consent from the relevant urban planning administrative department before seeking approval.

According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated on November 24, 2014 and last amended on March 10, 2024 and came into effect on May 1, 2024, the real estate registration shall be conducted by the real estate registration authorities of the people's government at or above the county level. Each real estate unit has a unique code. The real estate register shall record the following: (i) natural conditions of the real estate such as location, boundaries, spatial limits, acreage and usage; (ii) property conditions of the real estate rights such as ownership, type, content, source, term, changes in rights; (iii) matters related to restrictions and warnings on real estate rights; and (iv) other relevant matters.

The Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行暫行條例實施細則》), which was promulgated on January 1, 2016 and last amended on May 21, 2021 and came into effect on the same day, provides that, among others, the State implements a uniform real estate registration system and the registration of real estate shall be strictly administered and carried out in a stable and continuous manner that provides convenience for people.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and became effective from November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but are not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, which was latest amended on November 11, 2020 and came into effect on June 1, 2021, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation, and other rights shall be enjoyed by the copyright owners.

Patent

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC, which was latest amended on October 17, 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to 3 categories, i.e., invention patent, design patent and utility model patent. An invention patent is granted to a new technical solution proposed in respect of a product or method or an improvement of a product or method. A utility model patent is granted to a new technical solution that is practicable for application and proposed in respect of the shape, structure or a combination of both of a product. A design patent is granted to the new design in shape, pattern or a combination of both and in color, shape and pattern combinations of the whole or part of product aesthetically suitable for industrial application. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which all calculated from the date of application. The "first to file" principle is adopted with respect to the patent system in China, which means that if two or more applicants file separate patent applications for the same invention, the person who files the application first will be granted the patent. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

The Regulations for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on December 21, 1992, and was latest amended on December 11, 2023 and became effective on Janurary 20, 2024, sets forth provisions governing the relevant procedures for patent application, examination, grant, review, and the declaration of invalidity of patent rights, etc.

Domain Names

The Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) was promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

REGULATIONS ON FOREIGN EXCHANGE

Regulations Relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 14, 1997 and most recently amended on August 1, 2008 and became effective on the same day. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (the "**SAFE**"), by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The SAFE issued the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**") on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. SAFE further promulgated the Circular on the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which, among other things, amends certain provisions of SAFE Circular 19 on June 9, 2016 and came into effect on the same day. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

On October 23, 2019, SAFE issued the Circular on Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**"), which came into effect on the same day and was revised by the Circular of the State Administration of Foreign Exchange on Further Deepening Reforms to Facilitate Cross-Border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated and came into effect on December 4, 2023, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to the law, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the "**SAFE Circular 8**"), issued by SAFE on April 10, 2020 and became into effective on June 1, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to substantial uncertainties.

REGULATIONS ON TAXATION

Enterprise Income Tax

Pursuant to the Law of the RPC on Enterprise Income Tax (the "**EIT Law**") (《中華人民共和國企業所得稅法》) amended by the SCNPC and became effective on 29 December 2018 and Implementation Rules of the EIT Law (中華人民共和國企業所得稅法實施條例) Latest amended by the State Council on 6 December 2024 (effective from 20 January 2025), a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

According to the EIT Law, new and high-tech which need the key support of the state shall be levied a reduced corporate income tax of 15.0%. According to the Implementation Rules of the EIT Law, new and high-tech which need the key support of the state are enterprises that have their own independent, core intellectual property rights and at the same time meet the following conditions: (1) the product (service) falls within the scope of the High and New Technology Areas Entitled to the Key Support of the State (國家重點支持的高新技術領域); (2) the proportion of research and development expenses in the sales revenues is not lower than the prescribed proportion; (3) the proportion of the income from high and new technology products (services) in the total income of the enterprise is not lower than the prescribed proportion; (4) the proportion of technicians in the total number of staff members of the enterprise is not lower than the prescribed proportion; and (5) other conditions as stipulated in the measures for the determination of high and new technology enterprises. The High and New Technology Areas Entitled to the Key Support of the State (國家重點支持的高新技術領域) and the Administrative Measures for Determination of High and New Technology Enterprises (《高新技術企業認定管理辦法》) was formulated by the Ministry of Science and Technology, Ministry of Finance and SAT in consultation with the relevant departments under the State Council, and promulgated for implementation with the approval of the State Council.

Value-added Tax

According to the Value-Added Tax Law of the PRC (the "**VAT Law**") (《中華人民共和國增值稅法》), which was adopted by the SCNPC on December 25, 2024 and came into effect on January 1, 2026, all entities and individuals (including privately or individually-owned business) that sell goods, services, intangible assets, immovables, and import goods in the PRC shall be taxpayers of value-added tax and shall pay value-added tax. Unless otherwise provided, the import tax rate for the sales of goods, processing, repair and maintenance services, and leasing services of tangible movables is 13%; the tax rate for the sales of transportation, postal, basic telecommunications, construction, immovables leasing services, sales of immovables, transfer of land use rights, and sales or imports of goods prescribed by law is 9%; the tax rate for the sales of services and intangible assets is 6%.

According to the Circular of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) promulgated on May 1, 2018 and became effective on April 4, 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively. This provision ceased to be effective on January 1, 2026, and the relevant VAT rate rules have been superseded by the Value-Added Tax Law of the PRC. Nevertheless, for taxable transactions occurred from May, 2018 to 31 December, 2025, this provision shall still apply.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively. This provision ceased to be effective on January 1, 2026, and the relevant VAT rate rules have been superseded by the VAT Law. Nevertheless, for taxable transactions occurred from April 1, 2019 to 31 December, 2025, this provision shall still apply.

Withholding Income Tax

According to the EIT Law and the Implementation Rules of the EIT Law, the dividends generated after 1 January 2008 and dividends payable by foreign enterprises in the PRC to foreign investors shall pay 10.0% withholding tax unless tax treaty with different withholding tax arrangements has been made between the PRC and the jurisdiction where any of those foreign investors registered. According to the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income promulgated by the SAT on 21 August 2006, if the shareholders are Hong Kong residents holding at least 25.0% of the registered capital of the Chinese company, withholding tax rate of 5.0% applies to any dividend declared by the Chinese company, or if shareholders are Hong Kong residents holding less than 25.0% of registered capital, withholding income tax rate of 10.0% shall apply.

According to the VAT Law, which was adopted at the 13th Meeting of the Standing Committee of the 14th National People's Congress on December 25, 2024 and came into effect on January 1, 2026, all entities and individuals (including privately or individually-owned business) that sell goods, services, intangible assets, immovables, and import goods in the PRC shall be taxpayers of value-added tax and shall pay value-added tax. Unless otherwise provided, the import tax rate for the sales of goods, processing, repair and maintenance services, and leasing services of tangible movables is 13%; the tax rate for the sales of transportation, postal, basic telecommunications, construction, immovables leasing services, sales of immovables, transfer of land use rights, and sales or imports of goods prescribed by law is 9%; the tax rate for the sales of services and intangible assets is 6%.

Urban Maintenance and Construction Tax and Education Surcharge

In accordance with the Notice of the State Council on Unifying the Urban Maintenance and Construction Tax and Education Surcharge Systems for Domestic and Foreign-funded Enterprises and Individuals (《國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) promulgated on 18 October 2010 and implemented on December 1, 2010, foreign-invested enterprises, foreign enterprises and foreigners shall, from 1 December 2010, comply with the Interim Regulations on Urban Maintenance and Construction Tax of the PRC (promulgated by the State Council in 1985) and the Interim Provisions on the Levying of Education Surcharge (promulgated in 1986) for tax payment obligations.

According to the Law of the PRC on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅法》) promulgated on August 11, 2020 and became (effective on 1 September 2021), any entity or individual who shall pay Consumption Tax and Value-Added Tax (VAT) shall also pay Urban Maintenance and Construction Tax. The taxable amount of Urban Maintenance and Construction Tax shall be computed based on the actual amount of Consumption Tax and VAT paid by the taxpayer, and shall be paid concurrently with Consumption Tax and VAT. In addition, the Urban Maintenance and Construction Tax rates are 7.0% for urban districts, 5.0% for counties or towns, and 1.0% for areas outside urban districts, counties or towns respectively.

According to the Interim Provisions on the Levying of Education Surcharge (《徵收教育費附加的暫行規定》) (Latest amended on 8 January 2011 and became effective on the same day), all entities or individuals who shall pay Consumption Tax and VAT shall also pay Education Surcharge. The Education Surcharge rate shall be 3.0% of the actual amount of VAT and Consumption Tax paid by the entity or individual, and shall be paid concurrently with VAT and Consumption Tax.

REGULATIONS ON REAL PROPERTIES

Land

According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the National People's Congress on 28 May 2020 and became effective on 1 January 2021 and the Law of Land Administration of the PRC (《中華人民共和國土地管理法》) promulgated by the National People's Congress on 25 June 1986 (amended on 26 August 2019 and implemented since 1 January 2020), urban lands in cities shall be owned by the state, while land in the rural areas and suburban areas shall be owned collectively by peasants except for those belong to the state as prescribed by law. PRC government may expropriate or take over land and pay compensation in accordance with law if such land is required for public interest.

According to the Interim Regulations of the PRC Concerning the Assignment and Transfer of the Right to the Use of State-owned Land in the Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) promulgated by the State Council on 19 May 1990 and amended on 29 November 2020, the PRC government implements the remising and transfer system of urban state-owned land use right in accordance with the principle of separation of ownership and use right. Different land use has different maximum term of land remising/land assignment. The relevant periods are generally as follows:

Land Use	Maximum Term
Commerce, tourism, and entertainment	40
Residence	70
Industry	50
Public facilities	50
Others	50

Land users who have obtained the right to use the state-owned land may, within the term of land use, transfer, lease, or mortgage the right to the use of the land or use it for other economic activities, and their legitimate rights and interests shall be protected by the laws.. However, the transfer, lease or mortgage of allocated land use rights shall comply with the specific provisions of the aforementioned Interim Regulations.

Real Estates

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on 5 July 1994, implemented since 1 January 1995, and latest amended on 26 August 2019 and became effective on January 1, 2020, the activities of construction of infrastructures and buildings on the land with the right to use the state-owned land are referred to as real estate development. Unless otherwise specified, real estates that fulfil conditions are transferable. The title of a housing property plus the right to use the land occupied by the housing property obtained lawfully may be jointly established as a mortgage right. Owners of housing property title has the right to lease out its housing property. When a real estate is transferred or mortgaged, the ownership of the building and the right to use the land occupied by the building are transferred or mortgaged at the same time.

REGULATIONS ON IMPORT AND EXPORT TRADE

Customs Law

According to the Customs Law of the PRC (《中華人民共和國海關法》) ("**Customs Law**"), which was reviewed and passed by the SCNPC on January 22, 1987, last amended on April 29, 2021 and became effective on the same date, the Customs of the PRC is the state's entry and exit customs supervision and administration authority. In accordance with the Customs Law and other relevant laws and administrative regulations, the customs is responsible for the supervision of the transport vehicles, goods, freight items, postal items and other items entering into and departing from the PRC and collecting tariff and other duties and charges. All imported goods, throughout the period from arrival in the territory to the customs clearance, all exported goods, throughout the period from declaration to the customs to departure from the territory, and transit, transshipment and through goods, throughout the period from arrival in the territory to departure from the territory shall be subject to the supervision of the customs. Unless otherwise specified, the declaration of import and export goods and the payment of customs duties may be handled by the consignees or consignors of imported or exported goods or entrusted customs declaration enterprises.

In addition, pursuant to the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021 and became effective on January 1, 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the customs. If the consignees and consignors of import and export goods and customs declaration enterprises apply for recordation, they shall obtain the qualification of market entities; among them, if the consignees and consignors of import and export goods apply for recordation, they shall also obtain the recordation of the foreign trade operators and according to the Foreign Trade Law of the PRC, which was promulgated on May 12, 1994 and was last amended on December 27, 2025 , the relevant recordation requirements of the foreign trade operators have been deleted. The recordation of the customs declaration entities is valid for a long period of time.

Foreign Trade Law

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994, last amended on December 27, 2025, and will come into effect on March 1, 2026, the state has established a trade policy compliance mechanism aligned with international rules; encouraged international service trade through various models such as cross-border delivery, overseas consumption, commercial presence, and movement of natural persons; implemented a negative list management system for cross-border service trade by overseas service providers conducting international service trade through cross-border delivery, overseas consumption, and movement of natural persons; and can take corresponding countermeasures against discriminatory bans or restrictions imposed by foreign countries, while strengthening intellectual property protection in foreign trade.

Import and Export Laws

Pursuant to the Regulations of the People's Republic of China on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) (the "**Regulations on the Administration of Import and Export of Goods**"), which was last amended by the State Council on March 10, 2024, and came into effect on May 1, 2024, trade activities of importing goods into the customs boundary of the PRC or exporting goods to a place outside the customs boundary of the PRC shall be subject to the Regulations on the Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota administration; and goods whose import or export is free shall not be subject to restriction. An import or export business operator shall complete the formalities with the customs office for customs clearance based on a relevant import or export license or import or export quota license.

On October 17, 2020, the SCNPC promulgated the Export Control Law of the PRC (《中華人民共和國出口管制法》) (the "**Export Control Law**"), which came into effect on December 1, 2020. The Export Control Law provides comprehensive rules on the State's export control on dual-use items, military products, nuclear and other goods, technologies, services and other items related to the protection of national security and interests or the fulfillment of international obligations, such as non-proliferation. Such comprehensive rules include, among others, that the State's export control authorities shall, together with other related departments, formulate and adjust the list of items subject to export control, pursuant to the provisions of the Export Control Law and other relevant laws and administrative regulations, export control policies and specified procedures, and promptly release the same, and the State's export control authorities may, in light of the needs of protecting national security and interests and fulfilling non-proliferation and other international obligations, with the approval of the State Council or both the State Council and the Central Military Commission, impose temporary export control over goods, technologies and services which are not on the export control list, and make announcements thereof.

FOREIGN INVESTMENT

Company Law

On December 29, 1993, the SCNPC issued the Company Law of the PRC (《中華人民共和國公司法》), which was last amended on December 29, 2023, and came into effect on July 1, 2024. The Company Law of the PRC regulates the establishment, operation and management of corporate entities in China and classifies companies into limited liability companies and joint stock limited companies. The revisions mainly focus on refining the systems for the establishment and withdrawal of companies, optimizing the organizational structure of companies, modifying the capital system of companies, strengthening the responsibilities of controlling shareholders and the management personnel, strengthening the social responsibilities of companies, etc.

Restriction on Foreign Investment

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》) (the "**Encouraged Catalog**"), and the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**"), which are promulgated and amended from time to time by the Ministry of Commerce of the PRC (the "**MOFCOM**") and the National Development and Reform Commission (the "**NDRC**"), and together with the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") (promulgated on March 15, 2019, implemented on January 1, 2020) and its respective implementation rules and ancillary regulations.

In March 2019, the Foreign Investment Law was promulgated by SCNPC and came into effect on January 1, 2020. The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those foreign-invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list", and the State Council shall promulgate or approve a list of special administrative measures for access of foreign investments. To ensure the effective implementation of the Foreign Investment Law, the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations**"), was promulgated by State Council on December 26, 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

The NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**") on September 6, 2024, which came into effect on November 1, 2024, to replace the previous encouraging catalog and negative list thereunder. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed as "permitted" for foreign investments. The 2024 Negative List sets out 29 industries which foreign investments are prohibited or restricted.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and came into effect on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office, which is set up in the NDRC and led by the NDRC and MOFCOM, prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

LAWS AND REGULATIONS ON OVERSEAS INVESTMENT

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

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

DIVIDEND DISTRIBUTION

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) promulgated by the SCNPC on September 10, 1980 and implemented since the same date, and last amended on August 31, 2018 and implemented since January 1, 2019, and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) promulgated by the State Council of the PRC on January 28, 1994 and implemented since the same date, and last amended on December 18, 2018 and implemented since January 1, 2019, dividends distributed by PRC enterprises are subject to individual income tax levied at a uniform rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission (中國證券監督管理委員會) (the "**CSRC**") on September 7, 2015 and came into effect on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

According to the EIT Law and the Regulation on the Implementation of the EIT Law of the PRC since January 1, 2008, an enterprise income tax rate of 10% shall normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless the jurisdiction in which such non-PRC resident investors are incorporated has a tax treaty with the PRC that provides for a preferential withholding arrangement.

According to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by the PRC Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation on November 6, 2008 and implemented on the same date, a PRC resident enterprise is required to withhold enterprise income tax at a uniform rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares since 2008.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) (the "**Fifth Nominees**") provides that non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

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

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") together with 5 supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the "Overseas Listing Regulations"), which came into effect on March 31, 2023. Under the Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

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

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加强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 "**Provision on Confidentiality"**), which came into effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS IN SINGAPORE

Singapore Regulations

As at the Latest Practicable Date, our Company has four (4) subsidiaries (being Pridon Pte. Ltd., Pridon Investment Pte. Ltd., Pridon SG Investment Pte. Ltd., and Grandsunrise Logistics Pte. Ltd., collectively, the "**Singapore Subsidiaries**"), which are incorporated in Singapore and subject to the regulatory requirements in Singapore. The Singapore Subsidiaries are not subject to any special legislation or regulatory controls other than those generally applicable to companies incorporated and/or businesses operating in Singapore.

Companies Act 1967

The Companies Act 1967 of Singapore ("**Companies Act**") generally governs, among others, matters relating to the status, power and capacity of a company, shares and share capital of a company (which includes issuances of new shares (including preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders' rights, accounts, arrangements, reconstructions and amalgamations. Members of a company are also subject to, and bound by the provisions in its constitution (or memorandum and articles of association for companies which are incorporated before January 3, 2016).

In order to incorporate a private company, the Companies Act requires the private company to:

(i) reserve a name with the Accounting and Corporate Regulatory Authority of Singapore;

(ii) appoint at least one director ordinarily resident in Singapore;

(iii) have a minimum of one shareholder but not more than fifty shareholders;

(iv) appoint an accounting entity as auditor within three (3) months from incorporation, unless otherwise exempted;

(v) appoint a qualified company secretary within six (6) months of incorporation;

(vi) have a minimum share capital of Singapore Dollar $1;

(vii) provide a local Singapore address as the registered address of the private company; and

(viii) put in place the Constitution of the private company, which is a legal document which spells out the rules and regulations on how the private company should be governed.

Personal Data Protection Act 2012

The Personal Data Protection Act 2012 of Singapore ("**PDPA**") governs the collection, use, disclosure, transfer, care and retention of personal data by organisations. For the purposes of the PDPA, "personal data" refers to data, whether true or not, about an individual who can be identified using that data, or from that data and other information to which the organisation has or is likely to have access to.

The key obligations that the PDPA imposes on organisations collecting, using or disclosing personal data of individuals ("**relevant persons**") are summarised as follows: (i) obligations to obtain consent, provide notification, and offer access and correction rights to relevant persons, (ii) limitations on the purpose for which personal data may be used, (iii) limitations on the retention and transfer of personal data, and (iv) requirements to ensure the accuracy and protection of data collected, as well as transparency in making information available through privacy policies and procedures.

Under the PDPA, organisations must also develop and implement policies and practices for the protection of personal data received. This includes developing internal policies and practices to ensure compliance with all obligations under the PDPA and making information about such policies and practices available upon request.

Further to the above, in compliance with the PDPA, each company must designate at least one (1) data protection officer ("**DPO**") and the DPO's contact information must be made available to the public.

Singapore Taxation

Corporate Tax

Under the Income Tax Act 1947 of Singapore, the prevailing corporate tax rate in Singapore is 17% of the chargeable income of the organization. Tax exemptions or rebates may be applicable in certain cases, such as partial tax exemptions applying to the first S$200,000 of normal chargeable income. Gains of a capital in nature are not subject to tax. However, gains from the disposal of investments may be construed to be of an income nature and attract Singapore income tax.

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. Control and management is defined as the making of decisions on strategic matters, such as those concerning the company's policy and strategy. Generally, the location of the company's board of directors meetings where strategic decisions are made determines where the control and management is exercised. However, under certain scenarios, holding board meetings in Singapore may not be sufficient and other factors will be considered to determine if the control and management of the business is indeed exercised in Singapore. The place of incorporation of a company is not necessarily indicative of the tax residency of a company.

Goods and Services Tax

The Goods and Services Tax in Singapore is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 9.0%.

Dividend Distributions

Singapore adopts a one-tier corporate tax system. Under the one-tier corporate tax system, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Stamp Duty

There is no stamp duty payable on the subscription, allotment and issuance of shares.

Pursuant to the Stamp Duties Act 1929 of Singapore, stamp duty is payable on the instrument of transfer of such shares at the rate of 0.2% of the consideration for, or the net asset value of, such shares, whichever is higher. The purchaser has an obligation to pay stamp duty, unless there is an agreement to the contrary. No stamp duty is payable on an instrument of transfer if the instrument is executed outside Singapore and not received in Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore, is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of shares through the scripless trading system operated by The Central Depository (Pte) Limited, if such transfers are not pursuant to an instrument of transfer entered into.

Stamp duty is payable on certain electronic instruments that effect a transfer of interest in shares, where such instruments are regarded or deemed to be executed in Singapore, or executed outside Singapore and received in Singapore. In this regard, an electronic instrument that is executed outside Singapore is received in Singapore if:

(i) it is retrieved or accessed by a person in Singapore;

(ii) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or

(iii) an electronic copy of it is stored on a computer in Singapore.

Exchange Controls

As at the Latest Practicable Date, there are no Singapore governmental laws, decrees, regulations or other legislation that may affect the following:

(i) the import or export of capital, including the availability of cash and cash equivalents for use by Singapore Subsidiaries; and

(ii) the remittance of dividends, interest or other payments to non-resident holders of the Singapore Subsidiaries' securities.

LAWS AND REGULATIONS IN VIETNAM

Vietnam Regulations

The following is a summary of the salient laws and regulations of Vietnam that are material to the business of two Group's Vietnamese subsidiaries (namely Vietnam Deheng New Material Technology Company Limited, and Vietnam Hengxin New Material Technology Company Limited) ("**Vietnam Subsidiaries**") in manufacturing sector in Vietnam.

Regulations in Relation to Foreign Investment

From a legal standpoint in Vietnam, foreign investors are permitted to choose from the subsequent investment structures: (i) formation of an economic organization; (ii) acquisition of shares or capital contribution; (iii) the implementation of an investment project; and (iv) business cooperation contract. The summary will concentrate on the most prevalent investment form in this section.

The establishment, operation, and management of a foreign-invested economic organization ("**FIEO**") in Vietnam — would be notably governed by the Law on Investment 2020 (as amended) and the Law on Enterprises (as amended).

According to the Law on Investment 2020 (as amended), before the establishment of a foreign-invested economic organization, foreign investors must have an investment project and must notably apply for an investment registration certificate (**"IRC**") from the relevant Vietnamese licensing authority of the location where the investment project will be based ("**Investment Licensing Authority**"). The statutory time limit for the Investment Licensing Authority to issue the IRC is within ten days of its receipt of the complete and valid IRC application dossier. However, it would often take longer time in practice. The Investment Licensing Authority is either the relevant provincial Department of Finance ("**DOF**"), or the management authority of the relevant industrial zone/export processing zone/economic zone/high-tech zone ("**Special Zone**"), depending on the location of the investment project.

According to the Law on Enterprises 2020 (as amended), after obtaining an IRC, the foreign investor (owner) of the FIEO must submit a dossier to the business registration authority under the DOF to apply for an enterprise registration certificate ("**ERC**") in order to incorporate the FIEO. The statutory time limit for the business registration authority to issue the ERC is within three working days of its receipt of the complete and valid ERC application dossier. In practice, it would often take longer time in practice. The registration of the enterprise's tax information is a part of the enterprise registration procedure, where the enterprise code of the FIE recorded under the ERC is also the tax code of the FIEO.

With effect from 1 March 2026, the new Law on Investment 2025 permits foreign investors to obtain an ERC prior to an IRC.

A foreign investor establishing an FIEO may be subject to limitations on foreign investment. The foreign investors should see if the expected business lines (in both cases of new establishment of the FIEO or expanding new business lines for existing FIEO) fall within the list for which foreign investment is prohibited or subject to market access conditions.

After obtaining an IRC and ERC, an FIEO must carry out several statutory procedures, such as signing up an account for tax declaration and implementing tax declaration and submitting periodical reports on the progress and implementation of the investment project.

Regulations in Relation to Foreign Exchange Control

Capital contribution

Under Vietnamese law, an FIEO is required to open a "direct investment capital account" ("**DICA**") in a foreign currency or VND at a commercial bank or a branch of a foreign bank duly licensed to operate in Vietnam ("**Permitted Bank**") to implement transactions relating to foreign direct investment. The FIEO can only open 1 (one) DICA for each type of currency, corresponding to the currency used for making the capital contribution. Several transactions must be routed via DICA, notably: (i) contribution of capital in cash (i.e., bank transfers) made by foreign investors to the charter capital of FIEO; (ii) payments for the FIEO's capital transfer transactions between a resident investor and a non-resident investor, which must be made in VND and routed via the DICA in VND; (iii) drawdown and repayment of medium/long-term foreign loans borrowed by the FIEO, and (iv) profit repatriation to foreign investors.

Payments

In general, Ordinance No. 28/2005/PL-UBTVQH11 on foreign exchange (as amended) enshrines the principle of liberalization of "current transactions" (in Vietnamese: "*giao dich vãng lai*") (i.e., not for the purpose of remittance of capital such as the contribution of the charter capital of the FIEO as mentioned above) between residents and non-residents. All current transactions related to payments and remittance of money connected to exports, imports, short-term loans from banks, net income from direct and indirect investment, interest and repayments on foreign loans, and import or export of goods or services, may be conducted freely. However, in the territory of Vietnam, all transactions, payments, displays of prices, advertisements, quotations, pricing, and price writing in contracts and agreements and other similar forms (including conversion or adjustment of prices of goods or services, value of contracts or agreements) must not be conducted in any foreign currency except for limited cases provided by the law.

One of such exceptional cases applies to export processing enterprises ("**EPEs**") such as the Vietnam Subsidiaries. Notably, EPEs are permitted to quote prices, set prices, state prices in contracts, and make and receive payments in foreign currency (by bank transfer) in certain transactions, including: (i) purchases of goods from the domestic market for the purposes of producing, processing, recycling, or assembling export goods or for export (excluding goods subject to export prohibitions); and (ii) transactions with other EPEs.

Regulations in Relation to Anti-Money Laundering

The anti-money laundering legal framework of Vietnam establishes measures to prevent, detect, halt, and address money laundering activities. The Law on Anti-Money Laundering 2022 shall be applicable to (i) reporting entities, which encompass financial entities (which are licensed to engage in certain financial services such as lending, financial leasing, payment services, payment intermediary services, etc.), entities and individuals engaged in relevant non-financial businesses (e.g. prized gaming businesses, accounting, notarization, services of establishing, managing and running an enterprise) (the "**Reporting Entities**"); (ii) Vietnamese individuals/entities, foreign individuals/entities, and other international organizations conducting transactions with the Reporting Entities; and (iii) other organizations, individuals, and agencies related to anti-money laundering matters.

The Law on Anti-Money Laundering 2022 requires the Reporting Entities to conduct measures of anti-money laundering and comply with statutory obligations taken on by Reporting Entities including:

(i) Customer identification;

(ii) Assessment of money-laundering risks;

(iii) Building upon internal regulations on anti-money laundering;

(iv) Reporting suspicious transactions;

(v) Reporting high-value transactions, with the regulated reporting threshold of VND 400 million (approximately USD 15,200);

(vi) Storing/recording information and documents; and

(vii) Applying provisional measures.

Notably, the Law on Anti-Money Laundering 2022 specifies suspicious transactions in each service sector (i.e. banking, payment intermediaries, life insurance, securities, prize-awarding game, and real estate), which the Reporting Entities must report to the State Bank of Vietnam.

Regulations in Relation to Data Privacy

In Vietnam, data privacy is primarily regulated by the Law on Personal Data Protection 2025 and Decree No. 356/2025/ND-CP guiding the Law on Personal Data Protection 2025, both of which took effect on 1 January 2026.

Under the Law on Personal Data Protection 2025, personal data refers to digital data or information in other forms that identifies or helps identify a specific individual, including basic personal data and sensitive personal data. Personal data that has been de-identified is no longer considered personal data.

By law, the data controllers (who determine the purpose and means of personal data processing), data processors (who process personal data at the request of, and pursuant to a contract with, a personal data controller or a personal data controller-cum-processor), or data controller-cum-processors (who determine the purposes and means of, and directly process, personal data) are required to prepare, retain, and send a copy of a data protection impact assessment dossier ("**DPIA**") to the Department of Cyber Security and Hi-tech Crime Prevention under the Vietnamese Ministry of Public Security ("**DCHCP**") within 60 days from commencement of, or changes to, personal data processing activity. The submission of DPIA can be conducted (i) directly to the headquarters of the DCHCP; (ii) through postal services; or (iii) through online submission via the DCHCP's portal specialized for data privacy (the "**Portal**").

In addition, enterprises are responsible for appointing a department or personnel with sufficient qualifications and capacity to protect personal data, or for engaging an organization or individual to provide personal data protection services.

Regulations in Relation to Product Quality

In Vietnam, there are two types of technical characteristics and management requirements for goods manufactured in Vietnam for export: technical regulations (in Vietnamese, "*quy chuẩn kỹ thuật*") and technical standards (in Vietnamese, "*tiêu chuẩn kỹ thuật*"). These are governed by the Law on Technical Standards and Regulations 2006 (as amended), and Decree No. 127/2007/ND-CP (as amended). Technical regulations must be strictly followed during the production and trading of goods when applicable. Technical standards are generally voluntary unless they are specifically required by law or incorporated into technical regulations, in which case they become mandatory. The Law on Technical Standards and Regulations 2006 (as amended) does not restrict the use of international technical standards for manufacturing goods in Vietnam.

EPEs that manufacture goods for export (not for circulation in the Vietnamese market) are generally not subject to specific Vietnamese technical regulations or standards. Under the Law on Quality of Goods and Products 2007 (as amended), manufacturers operating as EPEs and producing goods for export must ensure that their exported products comply with the regulations of the importing country, the contractual terms, and any applicable international treaties or mutual recognition agreements on conformity assessment between the relevant countries or territories. Manufacturers may voluntarily adopt relevant Vietnamese technical standards.

Regulations in Relation to Industrial Zone and Export Processing Zone

In Vietnam, an enterprise located in an export processing zone and engaged in producing export goods is considered an EPE and must notably comply with Decree No. 35/2022/ND-CP on the management of industrial zones and economic zones (as amended) ("**Decree 35**"). Under Decree 35, EPEs are generally entitled to investment incentives and non-tariff zone tax benefits from the date the IRC is issued (where applicable) that records the investment objective of establishing an EPE. Specifically, goods imported into the export processing zone for manufacturing export products, as well as goods produced within the zone and exported, are not subject to import and export tax duties. To qualify for these non-tariff zone tax benefits, an EPE must be certified by the Vietnamese customs authority as satisfying the conditions for customs inspection and supervision after completing the construction phase and before commencing operations. The EPE is not permitted to use any assets, machinery, or equipment that benefit from EPE tax incentives for other business activities; otherwise, any tax incentives received must be returned to the State.

If an EPE lacks sufficient on-site storage space for its export processing activities within the export processing zone, industrial park, or economic zone, it can lease warehouses outside these zones, provided that: (i) the warehouses are certified by the customs authority as satisfying the requirements for customs management applicable to industrial sub-zones designated for EPEs as required by law; and (ii) the investment authorities where the EPE is headquartered are notified and the investment project is amended (if applicable).

Regulations in Relation to Fire Protection and Prevention

According to the Law on Firefighting, Prevention and Rescue 2024 and other relevant regulations, the Ministry of Public Security, the local Fire and Rescue Police Department and the local People's Committee are the key authorities who monitor and administer the fire prevention and fighting affairs.

Before starting construction of works listed in Annex III of Decree No. 105/2025/ND-CP (which elaborates on certain articles and measures for implementing the Law on Firefighting and Prevention 2024) ("**Decree 105**"), the owners of construction works must have the firefighting and prevention design appraised by the competent authorities. After completing construction and before commencing operations, the owners must organize the acceptance of the construction works in terms of firefighting and prevention and obtain approval from the competent authorities on the acceptance result.

Under Decree 105, the owner of an establishment listed in Annex VII thereto must procure compulsory fire and explosion insurance for its properties, except for establishments managed by the Ministry of National Defense or the Ministry of Public Security for military, defense, security, and public order purposes.

Regulations in Relation to Labor

Labor Code and its guiding regulations

The main law governing employment relationship in Vietnam is the Labor Code 2019, which applies to:

(i) Employees, trainees and apprentices, and persons working without an employment relationship;

(ii) Employers;

(iii) Foreign employees working in Vietnam; and

(iv) All other organizations or individuals that are directly related to employment relationship.

In general, companies doing business in Vietnam must ensure they follow the provisions of the Labor Code 2019, which contains the legal framework for the rights and obligations of employers and employees with respect to working hours, overtime working, labor safety and hygiene, sexual harassment, disciplinary measures and termination of employment contracts, etc.

The employment relationship in Vietnam is also subject to other relevant laws and regulations, governmental decrees, ministerial circulars, and decisions, as well as provincial decisions and guidelines. In conjunction with these, applicable collective labor agreements, internal labor rules and individual employment contracts must be taken into consideration.

Notably, the regular working hours of employees (except for those working on a weekly basis) cannot exceed 8 hours per day, or 48 hours per week. The employer must limit the time of exposure to hazardous or harmful elements in accordance with the law and relevant national technical regulations. Employers are generally permitted to arrange for the employees to work overtime, provided that it is agreed upon by both employers and employees and the regulatory capped time is adhered to.

Currently, there are four regional minimum salary levels, effective from 1 January 2026, applicable to employers, ranging from VND 3,700,000 (approximately USD 143) (the lowest level) to VND 5,310,000 (approximately USD 205) (the highest level) per month, depending on the regions. Employers are required to pay a salary to their employees which is not lower than the minimum salary level applicable in their region.

Regulations in Relation to Foreign Employees in Vietnam

The Labor Code 2019 explicitly states that it applies to foreign nationals working in Vietnam, and the general rule is that foreign nationals working in Vietnam must comply with the Vietnamese labor laws, unless an international treaty to which Vietnam is a party determines otherwise.

To engage foreign employees to work in Vietnam, the employer would need to obtain either a work permit or a work permit exemption certificate from the labor authority (being the people's committee ("**Provincial PC**") of the province or another authority authorized by the Provincial PC, such as the Department of Home Affairs or the management board of a Special Zone) where its registered office is located. In certain cases, no work permit or work permit exemption certificate is required, however, the employer must send a notice to the labor authority at least 3 working days prior to the date the foreign employee is expected to start working in Vietnam.

A work permit or a work permit exemption certificate has a term of up to two years which may be extended once for up to two years.

After obtaining the work permit or work permit exemption certificate, foreign personnel entering Vietnam to work are required to obtain a visa. After entry with such visa, the foreign personnel may apply for a temporary residence card through the employer, which allows the foreign personnel to reside in Vietnam for up to two years.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED STATES

Overview

A majority of our products were sold to the United States during the Track Record Period. In September 2024, we established a subsidiary in the U.S. (the "**U.S. Subsidiary**") to develop new customers and further strengthen our sales capability in the U.S. Businesses operating in the United States are subject to a variety of federal, state, and local laws and regulations (the "**U.S. Regulations**"). The U.S. Regulations expected to be material to our operations are those relating to, among others, customs and import procedures, import tariffs and trade measures, product safety and consumer protection, product liability, and taxation, as described below.

Customs and Import Procedures

United States customs regulations administered by the U.S. Customs and Border Protection ("**CBP**") apply to products entering the United States. A large portion of our sales to the United States were made under our one-stop customs clearance and transportation services model, pursuant to which the seller is responsible for delivering the goods to a named place in the buyer's country and for paying all costs and duties associated with export and import. After its establishment, our U.S. Subsidiary started to act as the importer of record for relevant shipments and maintains a customs bond to support importation and customs clearance. As the importer of record, the U.S. Subsidiary is responsible for exercising reasonable care in the entry, classification, and valuation of imported merchandise and for providing information necessary for CBP to determine compliance with applicable legal requirements.

Title 19 of the Code of Federal Regulations contains the principal rules governing the importation process. In particular, 19 CFR Part 134 prescribes country of origin marking requirements: every article of foreign origin (or its container) must, to the extent practicable, be marked in a conspicuous place with a legible, indelible, and permanent statement of the country of origin in Englis so as to inform the ultimate purchaser in the United States. CBP also enforces import admissibility requirements, such as those under the Uyghur Forced Labor Prevention Act ("**UFLPA**"), which applies a rebuttable presumption that certain goods mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region or by certain designated entities are presumed to be prohibited from entry into the United States.

Import Tariffs and Trade Measures

According to Section 301 of the Trade Act of 1974, the Office of the United States Trade Representative ("**USTR**") has the authority to take trade remedy measures, including imposing additional tariffs, against specific trade practices. Since 2018, the United States has, pursuant to this section, imposed additional tariffs on various categories of imported goods originating in China classified under the Harmonized Tariff Schedule of the United States ("**HTSUS**"), and from time to time reviews, adjusts, or issues exclusion decisions regarding such measures. Certain flooring products sold by our Group to the United States, based on their HTSUS classification, previously fell within the scope of goods subject to the aforementioned additional tariff measures. In view of the potential impact of changes in tariff policies on costs and pricing, our Group has established production facilities in Vietnam as part of our overall supply chain arrangements. According to the "Substantial Transformation" principle of U.S. customs, where products undergo substantial processing in Vietnam and if based on a case-by-case analysis by CBP, their country of origin is determined to be Vietnam, the current Section 301 additional tariffs targeting goods of Chinese origin generally would not apply for products manufactured in our Vietnam factory; however, products manufactured in our PRC facilities that are being sold to the United States will continue to be subject to Section 301 additional tariffs. Our Group will continue to monitor changes in U.S. trade policies and make corresponding adjustments to its production and supply arrangements when necessary. Under our one-stop customs clearance and transportation services model, our Group typically provides customers with a fixed price inclusive of tariffs and accordingly bears the potential impact of fluctuations in tariff rates or customs clearance costs.

In addition, under Title VII of the Tariff Act of 1930, U.S. industries may petition for anti-dumping or countervailing duties for imports sold at less than fair value or benefiting from foreign subsidies. If the U.S. Department of Commerce and the U.S. International Trade Commission (the "**ITC**") determine that such practices exist and cause material injury to domestic industry, an antidumping and/or countervailing duty order may be issued.

Furthermore, according to Section 337 of the Tariff Act of 1930, the ITC has the authority to conduct investigations into imported products involving unfair methods of competition, including intellectual property infringement. Where applicable, the ITC may issue exclusion orders to prohibit the entry of relevant products into the U.S. market. As at the Latest Practicable Date, our Group was not involved in any specific anti-dumping or countervailing duty orders, nor any effective Section 337 investigations or exclusion orders with respect to our products.

Potential Tariff Shift

The potential for shifts in tariff policies is tied to government policy rather than strict legal interpretation. Policy changes are subject to factors including changes in administrations, geopolitical events, and economic priorities. Therefore, predicting the likelihood or timing of future changes to tariff laws involves a level of speculation that goes beyond legal analysis.

Consumer Protection, Product Safety and Product Liability Law

In the United States, two related but distinct bodies of law may apply to products placed into the market, namely product safety regulation and product liability law. Product safety regulation consists primarily of administrative and regulatory requirements governing product standards, testing, certification and reporting, and is enforced by governmental authorities. Product liability law, by contrast, governs private civil litigation arising from alleged product defects or injuries and may result in claims for monetary damages. As an importer of flooring products into the United States, our Group may be subject to both regulatory oversight and potential civil liability in connection with the design, manufacture, importation and sale of its products.

Product Safety Regulation

Product safety regulation in the United States is primarily administered by the U.S. Consumer Product Safety Commission (the "**CPSC**") pursuant to the Consumer Product Safety Act (the "**CPSA**"). The CPSA is the principal federal statute governing the safety of consumer products and applies broadly to manufacturers, importers, distributors and sellers of products regulated by the CPSC. The purposes of the CPSA include protecting the public against unreasonable risks of injury associated with consumer products and promoting the development of uniform safety standards.

The CPSA imposes certain reporting and remedial obligations on manufacturers and importers. In particular, Section 15 of the CPSA requires a manufacturer or seller to report to the CPSC immediately upon obtaining information indicating that a product may create a substantial risk of injury, pose an unreasonable risk of serious injury or death, or fail to comply with an applicable consumer product safety rule. Upon receiving such notice, the CPSC may, among other actions, require that distribution of the product cease, direct the implementation of corrective actions, or require a product recall, repair, replacement or refund.

The CPSA was amended by the Consumer Product Safety Improvement Act of 2008 (the "**CPSIA**"), which significantly expanded the CPSC's regulatory and enforcement authority. Under the CPSIA, importers of consumer products to the extent such products are subject to applicable CPSC-administered safety rules are generally required to issue a General Conformity Certification certifying that such products comply with all applicable safety standards. Such certification must be based on a test of each product or a reasonable testing program and must accompany the product or shipment and be furnished to distributors, retailers and, upon request, to the CBP.

California Proposition 65

Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986, is a California law that requires that California consumers receive warnings regarding the presence of chemicals that the State of California has identified as known to cause cancer and/or reproductive harm. The law is highly technical and actively enforced by government and private enforcement actions. Under Proposition 65, any person in the course of doing business must provide a "clear and reasonable warning" before exposing individuals to listed carcinogens and reproductive toxins in their products. If a company manufactures, imports, distributes, or sells a product that will be sold in California either through brick-and-mortar stores or online e-commerce sites, then that company must abide by Proposition 65 requirements. Given the nature of flooring products, which may contain wood dust or formaldehyde (both listed chemicals), compliance with Proposition 65 warning requirements is essential for sales destined for California.

Product Liability Law

Product liability law in the United States is primarily enforced through private civil litigation and applies after a product has entered the marketplace and an alleged injury or loss has occurred. Manufacturers, importers, and other parties in the supply chain may be subject to broad exposure, as claims are typically based on three theories of law: strict liability, negligence, and breach of warranty.

Strict products liability is liability without fault and is a commonly asserted cause of action, as it focuses solely on whether a product was dangerous or defective at the time it entered the marketplace, regardless of the degree of care exercised. A product can be considered defective in its manufacture if it deviates from design specifications, in its design if its configuration makes it unreasonably dangerous for its intended use, or in its marketing if it lacks adequate warnings or instructions. Negligence claims require a plaintiff to show that the defendant breached a duty of due care in any phase of bringing the product to the public, including design, manufacture, assembly, or packaging. Breach of warranty claims are primarily governed by Article 2 of the Uniform Commercial Code ("**UCC**") and may arise from express or implied representations regarding quality or fitness.

Although our Group primarily operates on a B2B basis selling flooring products to business customers, such contractual arrangements do not necessarily exempt our Group from potential exposure under applicable U.S. tort laws in our capacity as a manufacturer or importer. Companies that sell products in a particular state may be subject to the jurisdiction of that state's product liability laws regardless of their place of incorporation or principal place of business. As at the Latest Practicable Date, our Group was not involved in any material product liability claims or product recall campaigns in the United States.

Formaldehyde Emission Standards

To the extent applicable, certain regulatory requirements in the United States relate to formaldehyde emissions from composite wood products. Formaldehyde emissions are regulated by the United States Environmental Protection Agency under Title VI of the Toxic Substances Control Act ("TSCA Title VI") and, in California, by the California Air Resources Board, which has adopted its Composite Wood Products Air Toxic Control Measures. These regimes generally establish emission limits and impose requirements relating to, among others, third-party testing and certification, labeling, recordkeeping, and supply chain traceability for covered composite wood products and certain finished goods containing such products that are sold, supplied, offered for sale, or imported into the United States. Given that the U.S. Subsidiary typically acts as the importer of record, it is responsible for ensuring that imported goods comply with such standards. In addition, formaldehyde is a listed chemical under Proposition 65 as a chemical that causes cancer, and products that expose consumers to formaldehyde above applicable thresholds may require a Proposition 65 warning.

Taxation

The United States taxation system encompasses a broad range of taxes at both the federal and state levels, including corporate income tax, sales and use taxes, and employment taxes, and state taxes vary significantly from one state to another. A corporation organized under the laws of the United States or any state is generally subject to U.S. corporate tax on its worldwide income and gains, and federal corporate income tax currently is imposed at a flat rate (plus any applicable state or local corporate tax).

Sales and use taxes are a significant aspect of state taxation. The concept of "nexus" is central to state taxation, requiring a minimum connection between a business and the state for the latter to impose certain tax collection obligations. Recent developments in many states have reflected a move toward economic nexus models under which sales levels or other economic activity within a state can establish sufficient nexus to require collection and remittance of sales and use taxes, even without traditional physical presence.

Labor and "Doing Business" Requirements

Employment relationships in the United States are subject to various federal, state, and local labor and employment laws, including those relating to minimum wage, overtime, payroll tax withholding, unemployment insurance, and workers' compensation, among others.

In addition, under the laws of various U.S. states, a corporation incorporated in one state that is considered to be doing business in another state is generally required to qualify or register to do business in such other state as a foreign corporation. Failure to do so may result in fines or other consequences and may affect the corporation's ability to maintain certain legal actions in that jurisdiction. Companies that operate across state lines typically monitor their activities and, where required, complete foreign qualification filings in relevant jurisdictions.