THE PRC LAWS, REGULATIONS AND POLICIES

Regulatory Policies Relating to the Printed Circuit Board Industry

To strengthen the administration of the printed circuit board (PCB) industry, guide industrial transformation and upgrading and structural adjustment and promote the sustained and healthy development of the PCB industry, the Ministry of Industry and Information Technology of the People's Republic of China (MIIT) promulgated the Standard Conditions for the Printed Circuit Board Industry (《印製電路板行業規範條件》) and the Interim Measures for the Administration of Standard Announcement for Printed Circuit Board Industry (《印製電路板行業規範公告管理暫行辦法》) on 28 December 2018.

National Development and Reform Commission of the People's Republic of China (the "**NDRC**") and Ministry of Commerce of the People's Republic of China (MOFCOM) promulgated the Catalogue of Industries for Encouraging Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Encouraged Catalogue**") on 26 October 2022. The Encouraged Catalogue expressly includes the following industries within the scope of encouraged foreign investment: "high-density interconnect laminated boards; single-layer, double-layer and multi-layer flexible boards; rigid-flex printed circuit boards and packaging substrates; and high-density, fine-line flexible printed circuit boards (line width/line spacing ≤ 0.05 mm)". On 20 December 2024, the NDRC and MOFCOM promulgated the revised Catalogue of Industries for Encouraging Foreign Investment (Draft for Public Comments) (《鼓勵外商投資產業目錄(公開徵求意見稿)》), which continues to include the above industries within the scope of encouraged foreign investment.

According to the Guiding Catalogue for Industrial Structure Adjustment (2024 Edition) (《產業結構調整指導目錄(2024年本)》) promulgated by the NDRC on 27 December 2023, the printed circuit boards manufactured by the Company fall within the encouraged category.

Regulations Relating to Companies and Foreign Investment

Pursuant to the PRC Company Law promulgated by the NPC Standing Committee on 29 December 1993, implemented on 1 July 1994, and last amended on 29 December 2023, companies are generally classified into two categories: limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of the shareholders of a limited liability company or a joint stock limited company is limited to the amount of their capital contributions to the registered capital. The Company Law also applies to foreign-invested enterprises. Where laws relating to foreign investment provide otherwise, such laws shall prevail.

The National People's Congress of the People's Republic of China promulgated the Foreign Investment Law of the People's Republic of China on 15 March 2019, which came into effect on 1 January 2020, establishing a management system of pre-establishment national treatment plus a negative list for foreign investment access. The Implementation Rules to the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) (the "**Implementation Rules**"), which came into effect on 1 January 2020, further provide that, in accordance with the needs of national economic and social development, China formulates a catalogue of industries for encouraging foreign investment, specifying the industries, sectors and regions in which foreign investment is encouraged and guided. On 6 September 2024, the NDRC and MOFCOM jointly promulgated the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**"), which replaced the previous negative list. Under aforementioned regulations, foreign investors shall not invest in sectors prohibited by the negative list. Industries not included in the negative list are generally regarded as "permitted" for foreign investment.

Regulations Relating to Overseas Investment

On 6 September 2014, the MOFCOM promulgated the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), the NDRC promulgated the Administrative Measures for Overseas Investment by Enterprises (《企業境外投資管理辦法》). The NDRC promulgated the Catalogue of Sensitive Sectors for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), effective from 1 March 2018, which sets out in detail the current sensitive industries.

Under the foregoing regulations, the scope of approval-based administration covers sensitive projects carried out by an investing entity directly or through overseas enterprises it controls. Where an overseas investment involves sensitive countries or regions or sensitive industries, approval-based administration is implemented by the NDRC. Other overseas investments by enterprises are subject to record-filing administration.

On 13 February 2015, the SAFE published the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which cancelled the approval requirement for foreign exchange registration under overseas direct investment. Foreign exchange registration for overseas direct investment is handled directly by banks.

Foreign Exchange Regulations

Pursuant to the Regulations on the Foreign Exchange System of the People's Republic of China (《中華人民共和國外匯管理條例》) promulgated by the State Council on 29 January 1996 and last amended on 5 August 2008, and the Provisions on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on 20 June 1996, after relevant financial institutions have conducted a reasonable review of the authenticity of transaction documents and their consistency with foreign exchange receipts and payments, conversion of Renminbi for current account items such as payments for trade and services and dividend distributions is not restricted. However, conversion of Renminbi for capital account items such as direct investment, loans or investment in overseas securities requires prior approval from SAFE or its local branches.

According to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by SAFE on 26 December 2014, a domestic company shall, within 15 working days from the completion of its overseas listing and issuance, complete overseas listing registration with the local SAFE at its place of registration. Funds raised by a domestic company from an overseas listing may be remitted back to the territory of China or retained overseas. Their use shall be consistent with the contents set out in this notice and other publicly disclosed documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the 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》) promulgated by SAFE on 9 June 2016, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reforms and Facilitating 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 by SAFE on 4 December 2023, foreign exchange income under capital accounts of domestic institutions is subject to a discretionary settlement policy. The relevant policies specify that capital account foreign exchange income eligible for discretionary settlement (including foreign exchange capital, external debt funds and funds repatriated from overseas listings) may be settled with banks based on the actual operational needs of domestic institutions. While implementing discretionary settlement of capital account foreign exchange income, domestic institutions may still choose to use their foreign exchange income under the payment-based settlement mechanism. However, when handling each settlement transaction under the payment-based settlement principle, banks are required to review the authenticity and compliance of the use of funds from the previous settlement transaction of the domestic institutions. Capital account foreign exchange income of domestic institutions and the Renminbi funds obtained from its settlement may not be used, directly or indirectly, for purposes outside the business scope of the enterprise or for purposes prohibited by national laws and regulations.

According to the Notice of the State Administration of Foreign Exchange 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》) promulgated by SAFE on 10 April 2020 eligible enterprises are allowed to use capital, external debt and income from overseas listings and other capital account income for domestic payments without the need to provide authenticity certification materials to banks on a transaction-by-transaction basis in advance.

On December 26, 2025, the PBOC and the SAFE jointly issued the Notice on Issues Concerning the Administration of Funds of Domestic Enterprises Listed Overseas (《關於境內企業境外上市資金管理有關問題的通知》) (the "**Notice**"), which shall come into effect on April 1, 2026. The key provisions of the Notice are as follows: the Notice unifies the management policies for RMB and foreign currency funds, clarifying that the funds raised by enterprises through overseas listings, as well as the proceeds from the reduction or transfer of shares by domestic shareholders of domestic enterprises after their overseas listings, may be repatriated in either foreign currency or RMB, and that for listed entities participating in the H-share "Full Circulation" program, dividends distributed to domestic shareholders shall be paid in RMB within the territory of the PRC; the Notice facilitates enterprises' domestic use of raised funds and management of exchange rate risks, specifying that foreign currency funds raised from overseas listings, if repatriated, may be freely converted into RMB for use at the enterprises' discretion and that listed entities may independently choose the means of managing exchange rate risks within the territory; the Notice simplifies administrative procedures, supporting banks as the main entities to directly handle the registration formalities for the overseas listings of domestic enterprises and appropriately extending the time limits for registrations related to IPOs, additional issuances, share reductions, and other matters; and the Notice further regulates the management of raised funds, stipulating that funds raised from overseas listings and proceeds from share reductions or transfers shall, in principle, be repatriated to the territory, that if there are remaining funds remitted overseas by shareholders for share subscriptions or if the relevant transactions are not completed, such funds shall be repatriated promptly.

Regulations Relating to Customs Declaration

Pursuant to the Customs Law of the People's Republic of China, promulgated by the NPC Standing Committee on 22 January 1987, and last amended on 29 April 2021, all means of transport, goods and articles must enter or leave the territory of China through locations where customs offices have been established. Consignors and consignees of import and export goods, or customs declaration enterprises entrusted by such consignors and consignees, may handle customs declaration and tax payment formalities. Consignors and consignees of import and export goods and customs declaration enterprises shall complete filing with Customs when handling customs declaration formalities; otherwise, they may be subject to fines imposed by Customs.

According to the Administrative Provisions on the Filing of Customs Declaration Entities of the People's Republic of China (《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 China (the "**GACC**") on 19 November 2021, consignors and consignees of import and export goods and customs declaration enterprises applying for customs filing shall have obtained market entity status. Where consignors and consignees of import and export goods apply for customs filing, they shall also have completed filing as foreign trade operators.

In addition, the Decision of the Standing Committee of the National People's Congress on Amending the Foreign Trade Law of the People's Republic of China, promulgated by NPC Standing Committee on 30 December 2022 and effective on the same date, removed the requirement that foreign trade operators engaging in the import or export of goods or technologies should register with the competent foreign trade department of the State Council or any institution entrusted thereby, i.e., the filing of foreign trade operators.

Pursuant to the Regulations of the People's Republic of China on the Administration of the 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 the Import and Export of Goods**") promulgated by the State Council on 10 December 2001, last amended on 10 March 2024, enterprises engaging in the import of goods into the territory of China or the export of goods from the territory of China must comply with the Regulations on the Administration of the Import and Export of Goods. Goods prohibited from import or export may not be imported or exported. Goods subject to import or export restrictions are subject to a licensing or quota administration system. Goods that are freely importable or exportable are not subject to restrictions.

Regulations Relating to Work Safety

Pursuant to the Work Safety Law of the People's Republic of China ("**Work Safety Law**") as last amended by the NPC Standing Committee on 10 June 2021, production and business operation entities shall, among other things, strengthen work safety management, establish and improve responsibility systems and rules related thereto, ensure investment increase in funds, materials, technology and personnel, improve operating conditions. Violations of the Work Safety Law may result in penalties such as fines, suspension of production or business operations, or orders to cease production or business operations. Where serious consequences are caused, criminal liability shall be pursued.

Pursuant to the Supervision and Administration Measures for the "Three Simultaneities" of Safety Facilities for Construction Projects (《建設項目安全設施「三同時」監督管理辦法》) promulgated by the former State Administration of Work Safety on 2 April 2015, safety facilities for new construction, renovation and expansion projects must be designed, constructed and put into production and use simultaneously with the main project.

Regulations Relating to Fire Safety

The Fire Protection Law of the People's Republic of China was promulgated by the NPC Standing Committee on 29 April 1998, and was last amended on 29 April 2021. The Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) was first promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China (the "**MOHURD**") on 1 April 2020, last amended on 21 August 2023. According to the foregoing laws and provisions, special construction projects as defined under these provisions shall conduct fire protection design review and fire protection acceptance inspection, construction projects other than such special construction projects shall file fire protection acceptance of the project with competent authority.

Regulations Relating to Product Quality

Pursuant to the Product Quality Law of the People's Republic of China promulgated by the NPC Standing Committee on 22 February 1993 and last amended on 29 December 2018, producers shall be responsible for the quality of the products they manufacture, and product quality shall meet the following requirements: (i) there is no unreasonable danger endangering personal or property safety; where there are national standards or industry standards safeguarding human health and personal or property safety, such standards shall be complied with; (ii) the product shall exhibit the expected performance characteristics, except where defects in use performance have been expressly stated; and (iii) the product complies with the product standards indicated on the product or its packaging, and conforms to the quality conditions indicated by product descriptions, physical samples or other means.

Regulations Relating to Environmental Protection

The Environmental Protection Law of the People's Republic of China was promulgated by the NPC Standing Committee on 13 September 1979. It was last amended on 24 April 2014.

Pursuant to the Environmental Impact Assessment Law of the People's Republic of China, as last amended by the NPC Standing Committee on 29 December 2018 and effective from the same date; the Regulations on the Administration of Environmental Protection for Construction Projects (《建設項目環境保護管理條例》), as last amended by the State Council on 16 July 2017; and the Interim Measures for the Acceptance of Environmental Protection Facilities upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection of the People's Republic of China on 20 November 2017, China implements an environmental impact assessment system for construction projects. Before commencement of construction, a construction entity shall submit for approval an environmental impact report or an environmental impact report form, or, in accordance with the provisions of the competent environmental protection authority under the State Council, submit an environmental impact registration form for filing. In addition, upon completion of construction projects for which an environmental impact report or an environmental impact report form is required, the construction entity shall, in accordance with the standards and procedures prescribed by the competent environmental protection authority under the State Council, carry out acceptance of the supporting environmental protection facilities and prepare an acceptance report.

Regulations Relating to Air Pollution

Pursuant to the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, as last amended by the NPC Standing Committee on 26 October 2018 and effective from the same date, enterprises, public institutions and other business operators shall, in accordance with relevant PRC regulations and monitoring standards, monitor the industrial waste gas they discharge or the toxic and hazardous air pollutants listed in the catalogue set out in Article 78 of the said Law. Enterprises and public institutions that discharge industrial waste gas or the toxic and hazardous air pollutants listed in the aforesaid catalogue, as well as other entities subject to pollutant discharge permit administration in accordance with the law, shall obtain pollutant discharge permits. In addition, where enterprises, public institutions or other business operators construct projects that may affect the atmospheric environment, they shall conduct environmental impact assessments in accordance with the law and disclose the relevant environmental impact assessment documents. Where pollutants are discharged into the atmosphere, they shall comply with atmospheric pollutant emission standards and observe the requirements for total emission control of key atmospheric pollutants.

Regulations Relating to Solid Waste

Pursuant to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), as last amended by the NPC Standing Committee on 29 April 2020, any entity or individual that produces, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce environmental pollution caused by the solid waste and shall bear legal liability in accordance with the law for any environmental pollution so caused. Where solid waste contains hazardous waste, it shall be disposed of in accordance with the relevant regulations on the administration of hazardous waste.

Regulations Relating to Water Pollution

Pursuant to the Law of the People's Republic of China on the Prevention and Control of Water Pollution, as last amended by the NPC Standing Committee on 27 June 2017, enterprises, public institutions and other production and business operators that directly or indirectly discharge industrial wastewater, medical wastewater, or other wastewater or sewage that, in accordance with regulations, may be discharged only upon obtaining a pollutant discharge permit, shall obtain the pollutant discharge permit.

Regulations Relating to Pollutant Discharge

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), promulgated by the State Council and effective on 24 January 2021, and the Catalogue for Classified Management of Pollutant Discharge Permits for Fixed Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), promulgated by the Ministry of Ecology and Environment of the People's Republic of China on 20 December 2019, enterprises, public institutions and other production and business operators that are subject to pollutant discharge permit administration in accordance with the law shall apply for and obtain pollutant discharge permits as required; entities that have not obtained pollutant discharge permits may not discharge pollutants. Key pollutant discharge permit management shall be implemented for pollutant discharge entities with relatively large volumes of pollutant generation or discharge, or relatively significant environmental impacts. Simplified pollutant discharge permit management shall be implemented for pollutant discharge entities with relatively small volumes of pollutant generation or discharge and relatively minor environmental impacts. Pollutant discharge registration management shall be implemented for pollutant discharge entities with very small volumes of pollutant generation or discharge and minimal environmental impacts.

Regulations Relating to Cleaner Production

Pursuant to the Cleaner Production Promotion Law of the People's Republic of China (《中華人民共和國清潔生產促進法》), as last amended by the NPC Standing Committee on 29 February 2012, new construction, renovation and expansion projects shall undergo environmental impact assessment. Analyses and evaluations shall be conducted with respect to raw material use, resource consumption, comprehensive resource utilization, and the generation and disposal of pollutants. Priority shall be given to clean production technologies, processes and equipment with higher resource utilization efficiency and lower levels of pollutant generation.

Laws and Regulations Relating to Cybersecurity and Data Security

On 1 July 2015, the NPC Standing Committee promulgated the National Security Law of the People's Republic of China. Pursuant to this Law, the State establishes a national security review and regulatory system to conduct national security reviews of foreign investments, specific items, key technologies, network information technology products and services, projects involving national security matters, and other major activities that may affect national security.

On 7 November 2016, the NPC Standing Committee promulgated the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"). Pursuant to the Cybersecurity Law, network operators conducting business and service activities shall perform their obligations for cybersecurity protection.

To establish a data classification and tiered protection system and implement classified and tiered data protection, the NPC Standing Committee promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) on 10 June 2021. Data processing activities shall be conducted in accordance with the provisions of laws and regulations, with sound, end-to-end data security management systems established, data security education and training organized, and corresponding technical measures and other necessary measures adopted to ensure data security.

On 28 December 2021, the Cyberspace Administration of China (the "**CAC**") and several other Chinese regulatory authorities jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》). Pursuant to the Measures, where critical information infrastructure operators procure network products and services, or network platform operators conduct data processing activities, which affects or may affect national security, a cybersecurity review shall be conducted.

Pursuant to the Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》) (the "**Network Data Security Regulations**"), promulgated by the State Council on 24 September 2024, where network data processors conduct network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant PRC regulations. The Network Data Security Regulations set out the conditions under which network data processors may provide personal information overseas pursuant to international treaties or agreements. Under the Regulations, data that has not been identified by relevant regions or departments, or publicly disclosed, as important data is not required to undergo a security assessment for cross-border transfer of important data.

The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") was promulgated by the NPC Standing Committee on 20 August 2021. The Personal Information Protection Law defines the scope of personal information and the methods of processing personal information, establishes rules for personal information processing and for the cross-border provision of personal information, and clarifies the rights of individuals in personal information processing activities as well as the obligations of personal information processors. The CAC promulgated the Measures for Security Assessment of Data Exports (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"). The Security Assessment Measures specifies the circumstances under which a security assessment for data exports must be applied for.

Regulations Relating to Real Estate and Construction Projects

The Civil Code of the People's Republic of China (the "**Civil Code**") was promulgated by the National People's Congress of the People's Republic of China on 28 May 2020. Pursuant to the Civil Code, the creation, modification, transfer and extinguishment of real property rights shall take effect upon registration in accordance with the law; where registration is not completed, such rights shall not take effect, except as otherwise provided by law.

The Land Administration Law of the People's Republic of China (the "**Land Administration Law**") was last amended by the NPC Standing Committee on 26 August 2019. Under the Land Administration Law, construction entities that obtain the right to use state-owned land through compensated use methods such as assignment shall only be entitled to use the land after paying, in accordance with the standards and methods prescribed by the State Council, the land use right assignment fees and other fees for the compensated use of land. Construction entities using state-owned land shall use the land in accordance with the provisions of the compensated use contract for land use rights, such as a land use right assignment contract, or the provisions of the approval document for land use right allocation. Where it is indeed necessary to change the approved land use purpose, consent shall be obtained from the competent natural resources authority of the relevant government and then reported to the government that originally approved the land use for approval. Where a change of land use purpose within an urban planning area is involved, consent of the relevant urban planning administrative authority shall be obtained prior to submission for approval.

Pursuant to the Real Estate Registration Interim Regulations (《不動產登記暫行條例》), as last amended by the State Council on 10 March 2024, and the Detailed Rules of Implementation of Real Estate Registration Interim Regulations (《不動產登記暫行條例實施細則》), as last amended by the Ministry of Natural Resources of the People's Republic of China on 9 May 2024 and effective from the same date, China implements a unified real property registration system, and that real property registration shall follow the principles of strict administration, stability and continuity, and convenience for the public.

The Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Right to the Use of the 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》) was first promulgated by the State Council on 19 May 1990, last amended on 29 November 2020. An assignment contract shall be signed for assigning the right to the use of the land. The land user shall develop, utilize and operate the land in accordance with the provisions of the land use right assignment contract and the requirements of urban planning. Where the land is not developed or utilized in accordance with the time limits and conditions stipulated in the contract, the land administration department of the municipal or county-level people's government shall order rectification, and may, depending on the circumstances, impose penalties ranging from warnings and fines to the gratuitous recovery of the land use right. Where a land user needs to change the land use purpose stipulated in the land use right assignment contract, it shall obtain the consent of the assigning party, secure approval from the land administration department and the urban planning department, re-enter into the land use right assignment contract, adjust the land use right assignment fee, and complete registration formalities.

The Construction Law of the People's Republic of China (the "**Construction Law**") was first promulgated by the NPC Standing Committee on 1 November 1997, last amended on 23 April 2019. Pursuant to the Construction Law, prior to the commencement of construction works, the construction entity shall, in accordance with relevant state regulations, apply for and obtain a construction permit from the competent construction administrative authority of the people's government at or above the county level at the place where the project is located; however, this requirement does not apply to small-scale projects below the threshold determined by the competent construction administrative authority of the State Council. For construction projects for which a commencement report has been approved in accordance with the authority and procedures prescribed by the State Council, no construction permit is required. The construction entity shall commence construction within three months from the date of receipt of the construction permit. Where construction cannot commence on schedule due to justified reasons, an application for extension shall be submitted to the permit-issuing authority. Extensions are limited to two, each not exceeding three months. Where construction does not commence and no application for extension is made, or where the extended time limit is exceeded, the construction permit shall automatically become invalid.

The Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) was first promulgated by the former Ministry of Construction of the People's Republic of China in 1999, last amended by the MOHURD on 30 March 2021. Under the Measures, for the construction of various types of housing buildings and their ancillary facilities, and for the construction of urban municipal infrastructure projects within the territory of the PRC, the construction entity shall, prior to commencement, apply for and obtain a construction permit from the competent housing and urban-rural development authority of the local people's government at or above the county level at the place where the project is located. Construction projects with an investment amount of less than RMB300,000 or a building area of less than 300 square meters may be exempt from the requirement to apply for a construction permit. The housing and urban-rural development authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government may, based on local circumstances, adjust the above thresholds. For construction projects for which a commencement report has been approved in accordance with the authority and procedures prescribed by the State Council, no construction permit is required.

The Measures for Filing Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) was promulgated by the MOHURD on 19 October 2009. Pursuant to the Measures, within 15 days after a project has passed completion acceptance, the construction entity shall, file the completion acceptance with the competent construction authority of the local people's government at or above the county level (the "**Filing Authority**") at the place where the project is located.

The Regulations on the Completion Acceptance of Housing Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收規定》) was promulgated by the MOHURD on 2 December 2013. According to the Regulations, the completion acceptance of a project shall be organized and implemented by the construction entity.

Regulations Relating to Housing Lease Administration

Pursuant to (i) the Urban Real Estate Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》) promulgated by the NPC Standing Committee on 5 July 1994, last amended on 26 August 2019, and (ii) the Measures for the Administration of Commercial Housing Leasing (《商品房屋租賃管理辦法》) promulgated by the MOHURD on 1 December 2010, where real property is leased, the lessor and the lessee shall enter into a written lease contract. Both the lessor and the lessee shall, within 30 days after signing of the property lease contract, complete lease registration and filing formalities with the real estate administration department. Where the lessor and the lessee fail to complete the registration and filing procedures, both parties may be subject to fines.

Laws and Regulations Relating to Intellectual Property

Patents

Pursuant to the Patent Law of the People's Republic of China (the "**Patent Law**"), promulgated by the NPC Standing Committee on 12 March 1984, and last amended on 1 June 2021, and the Implementing Regulations of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) (the "**Implementing Regulations of the Patent Law**"), promulgated by the State Council on 19 January 1985, and last amended on 20 January 2024. The term of protection for an invention patent is 20 years, the term of protection for a utility model patent is 10 years, and, effective from 1 June 2021, the term of protection for design patents with an application date on or after 1 June 2021 has been extended to 15 years, calculated from the application date. Any third party must obtain the consent of, or a proper license from, the patent right holder before using a patent. Unauthorized use of a patent constitutes patent infringement.

Trademarks

Pursuant to the Trademark Law of the People's Republic of China, promulgated by the NPC Standing Committee on 23 August 1982, last amended on 23 April 2019, and the Implementing Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), promulgated by the State Council on 3 August 2002, last amended on 29 April 2014, trademarks approved and registered by the Trademark Office are registered trademarks, including commodity trademarks, service trademarks, collective trademarks and certification marks. Registered trademarks are granted a validity period of 10 years commencing from the date of registration. Where a trademark registrant intends to continue using a registered trademark upon expiration of its validity period, renewal formalities shall be completed in accordance with regulations within 12 months prior to the expiration date.

Copyrights

Pursuant to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), as last amended on 11 November 2020, and the Implementing Regulations of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》), as last amended on 30 January 2013, Chinese citizens, legal persons or unincorporated organizations enjoy copyright in their works, regardless of whether such works have been published. "Works" refer to original intellectual creations in the literary, artistic and scientific fields that can be expressed in a certain form. Copyright owners of protected works enjoy moral rights and property rights, including the right of publication, attribution, revision, integrity and other rights that copyright owners are entitled to enjoy.

Pursuant to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), promulgated by the State Council on 4 June 1991, amended on 20 December 2001 and 30 January 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on 20 February 2002, Chinese citizens, legal persons or other organizations enjoy copyright in software they have developed, regardless of whether such software has been published. Copyright in software arises upon completion of the software's development. For software owned by a legal person or other organization, the term of protection is 50 years, expiring on 31 December of the 50th year following the first publication of the software; however, where the software is not published within 50 years from the date of completion, it will no longer be protected.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), promulgated on 24 August 2017 and effective from 1 November 2017, the MIIT is the primary regulatory authority responsible for the administration of internet domain names in China. Domain name registration is handled through domain name root servers and their operating entities, domain name registration administration institutions and domain name registration service institutions established in accordance with relevant regulations.

Regulations Relating to Employment, Social Insurance and Housing Provident Fund

Employment

The principal laws and regulations governing employment relationships in China include the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China (the "**Labor Contract Law**") and its implementing regulations. These laws and regulations impose stringent requirements on employers with respect to, among other things, entering into fixed-term labor contracts, employing temporary workers and dismissing employees.

The Labor Contract Law was promulgated on 29 June 2007 and last amended on 28 December 2012. It primarily aims to regulate the rights and obligations of employers and employees. Pursuant to the Labor Contract Law, when establishing an employment relationship, the employer and the employee shall conclude a written labor contract. Where overtime work is arranged, employers shall pay overtime wages to employees in accordance with relevant state regulations. In addition, employees' wages shall not be lower than the local minimum wage standard and shall be paid to employees in a timely manner.

Pursuant 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 of the People's Republic of China on 1 March 2014 and effective from the same date, the number of dispatched workers used by an employer shall not exceed 10% of its total workforce. Where rectification is not completed within the prescribed period, the employer may be fined between RMB5,000 and RMB10,000 per dispatched worker for the portion exceeding the 10% cap.

Social Insurance

The Social Insurance Law of the People's Republic of China (the "**Social Insurance Law**"), promulgated by the NPC Standing Committee on 28 October 2010, and most recently amended on 29 December 2018, establishes social insurance systems including basic old-age insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999, most recently revised on 24 March 2019, enterprises shall register with local social insurance agencies and withhold and remit relevant social insurance premiums on behalf of their employees. Employers that fail to pay social insurance premiums in accordance with regulations may be ordered to make corrections and rectify the overdue payments within a prescribed period, and may also be subject to late payment fees. If the overdue payments are not rectified by the deadline, the relevant administrative departments may impose a fine of one to three times the amount in arrears.

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 Accumulation Funds

According to the Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), promulgated by the State Council on 3 April 1999, and revised on 24 March 2002 and 24 March 2019, employers and employees shall timely and fully deposit housing accumulation funds, with the amount being no less than 5% of the employee's average monthly salary of the previous year. If an employer fails to pay by the deadline or underpays housing accumulation funds, the Housing Fund Management Center (住房公積金管理中心) shall order it to make the payments within a prescribed period. If it still fails to make the payments by the deadline, the Center may apply to the People's Court for compulsory enforcement.

If an employer fails to complete housing accumulation funds contribution registration or open housing accumulation fund accounts for its employees, the Housing Fund Management Center shall order it to complete the procedures within a prescribed period. If the employer fails to do so by the deadline, it shall be fined between RMB10,000 and RMB50,000.

Tax Regulations

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (the "**Enterprise Income Tax Law**"), promulgated by the NPC Standing Committee on 16 March 2007, most recently revised on 29 December 2018, a unified income tax rate of 25% shall apply to foreign-invested enterprises and foreign enterprises with establishments or places of business within the territory of China, as well as to Chinese enterprises. According to the Enterprise Income Tax Law, resident enterprises shall generally be subject to a unified enterprise income tax rate of 25% on their global income.

According to the Measures for the Administration of the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》), promulgated by the Ministry of Science and Technology, the MOF and the STA on 29 January 2016, enterprises recognized as high and new technology enterprises are entitled to a preferential enterprise income tax rate of 15%. Accordingly, the qualification as a high and new technology enterprise is valid for three years from the date of issuance of the certificate.

Value-Added Tax

Pursuant to the Interim Regulation of the People's Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例》), most recently revised by the State Council on 19 November 2017, and the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) promulgated by the NPC Standing Committee on 25 December 2024, which became effective from 1 January 2026, enterprises and individuals engaged in sale of goods, services, intangible assets and immovables and importation goods within the territory of the People's Republic of China shall pay value-added tax. According the aforementioned law and regulation, the VAT rates applicable to ordinary taxpayers are 13% and 9%, 6%, and 0% and the VAT rate to which the simple tax computation method applies is 3%.

Dividend Tax

For individual investors

According to the Individual Income Tax Law of the People's Republic of China (the "**Individual Income Tax Law**"), most recently revised by the NPC Standing Committee on 31 August 2018, and the Regulation on the Implementation of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》, the "**Implementation Regulations of the Individual Income Tax Law**"), most recently revised by the State Council on 18 December 2018, dividends distributed by Chinese companies to individual investors are generally subject to a uniform 20% withholding income tax. In addition, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses 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》), promulgated by the MOF, STA, and CSRC on 7 September 2015 and effective from 8 September 2015, dividends and bonuses derived by individuals from publicly issued listed company shares are temporarily exempted from individual income tax if the shares are held for more than one year and transferred in the stock market. For individual investors' dividends derived from listed company shares that are obtained through public offerings and transferred in the stock market, if the holding period is within one month (inclusive), the full amount of dividend income shall be included in the taxable income; if the holding period is more than one month but within one year (inclusive), 50% of the dividend income shall be included in the taxable income. Personal income tax shall be levied on the aforementioned income at a unified rate of 20%.

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》), which became effective from 21 August 2006, the Chinese government may tax dividends paid by Chinese companies to Hong Kong residents (including natural persons and legal entities), but the tax amount shall not exceed 10% of the gross dividends payable. If a Hong Kong resident directly holds 25% or more of the equity in a Chinese company, and he/she is the beneficial owner of the dividends and satisfies other conditions, the relevant tax shall not exceed 5% of the gross dividends payable by the Chinese company.

For corporate investors

According to the Enterprise Income Tax Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), most recently revised by the State Council on 6 December 2024, if a non-resident enterprise has not established an institution or place of business in China, or if it has established an institution or place of business in China but its income derived from China has no actual connection with such institution or place of business, it shall be subject to enterprise income tax at a preferential rate of 10% on its income derived from China (including dividends paid by Chinese resident enterprises whose shares are issued and listed in Hong Kong). The aforementioned income tax payable by non-resident enterprises shall be subject to withholding at source, with the payer as the withholding agent. The tax shall be withheld by the withholding agent from each payment or payment due.

According to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《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》), promulgated by STA on 6 November 2008, when Chinese resident enterprises distribute dividends (derived from profits generated in 2008 and thereafter) to non-Chinese resident enterprise shareholders of H-shares, enterprise income tax shall be withheld and paid at a rate of 10%. Pursuant to the Reply on the Collection of Enterprise Income Tax on Dividends from B-shares and Other Stocks Obtained by Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), promulgated by the State Taxation Administration on 24 July 2009 and effective from the same day, any Chinese resident enterprise whose shares (including A-shares, B-shares, and overseas shares) are listed on stock exchanges inside or outside China must withhold and pay enterprise income tax on dividends for 2008 and subsequent years distributed to non-resident enterprise shareholders at a unified rate of 10%.

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, the Chinese government may tax dividends paid by Chinese companies to Hong Kong residents (including natural persons and legal entities), but the tax shall not exceed 10% of the gross dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity in a Chinese company, and he/she is the beneficial owner of the dividends and satisfies other conditions, the relevant tax shall not exceed 5% of the gross dividends payable by the Chinese company.

Taxes on Income from Equity Transfers

For individual investors

According to the Individual Income Tax Law and its regulations, individuals are subject to a 20% individual income tax on gains realized from the sale of equity in Chinese resident enterprises. According to the Notice on Temporarily Continuing to Exempt Individual Income Tax on Gains from Stock Transfers (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), promulgated by the Ministry of Finance and the State Taxation Administration on 30 March 1998 and effective from the same day, individual income tax on gains from the transfer of listed company shares has been temporarily exempted since 1 January 1997. In the newly revised Individual Income Tax Law and Implementation Regulations of the Individual Income Tax Law, the State Taxation Administration does not explicitly stipulate whether the exemption of individual income tax on gains from the transfer of listed company shares continues.

For corporate investors

According to the Enterprise Income Tax Law and its regulations, if a non-Chinese resident enterprise has not established an institution or place of business in China, or if it has established an institution or place of business in China but its income derived from China has no actual connection with such institution or place of business, the non-Chinese resident enterprise shall be subject to enterprise income tax at a rate of 10% on its income derived from China (including gains from the sale of shares in Chinese resident enterprises). The aforementioned income tax payable by non-Chinese resident enterprises shall be subject to withholding at source, with the payer as the withholding agent. The tax shall be withheld by the withholding agent from each payment or payment due. Such tax may be reduced or exempted according to applicable tax treaties or arrangements.

Stamp Duty

According to the Stamp Tax Law of the People's Republic of China, promulgated by the NPC Standing Committee on 10 June 2021, all entities and individuals that execute taxable documents or engage in securities transactions within the territory of China are taxpayers of stamp duty and shall pay the corresponding tax. Entities and individuals that execute taxable documents outside China but use them within the territory of China shall also pay stamp duty.

Regulations on Securities and Overseas Listing

Securities Law and Regulations

The Securities Law of the People's Republic of China (the "**Securities Law**"), promulgated by the NPC Standing Committee on 29 December 1998, most recently revised on 28 December 2019, comprehensively regulates transaction activities in China's securities market, including the issuance and trading of securities, listed companies, stock exchanges, acquisitions of securities companies, and the responsibilities of securities regulatory bodies. The Securities Law further regulates the direct or indirect issuance and overseas listing of securities by enterprises within the territory of China, stipulating that such activities shall comply with the relevant regulations of the State Council, and that specific measures for shares subscribed and traded in foreign currencies by companies within the territory of China shall be separately stipulated by the State Council. The CSRC is a securities regulatory body established by the State Council, which supervises and administers the securities market in accordance with the law, maintains market order and ensures the lawful operation of the market.

Overseas Listing

The Trial Measures and its five guidelines promulgated by the CSRC on 17 February 2023. According to the Trial Measures, enterprises within the territory of China that directly or indirectly seek to issue and list their securities in overseas markets ("overseas issuance and listing") shall file with the CSRC and submit relevant documents such as filing reports and legal opinions. Depending on the specific circumstances, the Trial Measures require (among others) that (i) for an initial public offering or listing in an overseas market, a filing shall be submitted to the CSRC within three working days after the relevant application is submitted overseas; (ii) for subsequent issuance of securities by an issuer in the same overseas market where it previously issued and listed securities, a filing shall be submitted to the CSRC within three working days after the completion of the issuance; and (iii) for subsequent issuance or listing of securities by an issuer in an overseas market other than the place of previous issuance and listing, a filing shall be submitted to the CSRC within three working days after the relevant application is submitted overseas. If a Chinese company fails to complete the filing procedures, or if the filing documents submitted by the Chinese company contain false records, misleading statements, or major omissions, the Chinese company may be ordered to rectify, warned and fined, and its controlling shareholders, de facto controllers, directly responsible persons and other directly responsible personnel may also be fined.

The Measures also stipulates the reporting obligations of issuers when material events ("**Material Events**") occur after overseas issuance and listing. If any of the material events described below occurs after overseas issuance, the issuer shall submit a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event: (i) change of control; (ii) investigation, penalty, or other measures by overseas securities regulatory authorities or relevant departments; (iii) change of listing status or listing board; (iv) voluntary or mandatory delisting. Furthermore, if there is a significant change in the issuer's main business and operations after overseas issuance and listing, such that the issuer no longer falls within the scope of filing requirements, the issuer shall submit a special report and a legal opinion issued by a law firm within the territory of China to the CSRC within three working days after the occurrence of the relevant change, to explain the relevant circumstances.

According to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) promulgated by the CSRC, MOF, the National Administration of State Secrets Protection of the People's Republic of China and the National Archives Administration of China on 24 February 2023, if a domestic enterprise provides or publicly discloses, or provides or publicly discloses through its overseas listed entity, documents and data involving state secrets or work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory agencies, and other entities and individuals, it shall obtain approval from the competent department with approval authority in accordance with the law, and file with the national secrecy administrative department at the same level.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS OPERATIONS IN HONG KONG

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "Import and Export Ordinance")

The Import and Export Ordinance provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong, or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

The import and export of certain articles are prohibited under sections 6C and 6D unless with the relevant licences which are issued under section 3 of the Import and Export Ordinance. Pursuant to section 6C of the Import and Export Ordinance, no person shall import any article specified in schedule 1 to the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong) except under and in accordance with an import licence issued by the Director-General of Trade and Industry under section 3 of the Import and Export Ordinance. Section 6D of the Import and Export Ordinance provides that no person shall export any article specified in the second column of schedule 2 to the Import and Export (General) Regulations to the place specified opposite thereto in the third column of the schedule except under and in accordance with an export licence issued by the Director-General of Trade and Industry under section 3 of the Import and Export Ordinance. Any person who contravenes sections 6C or 6D of the Import and Export Ordinance shall be guilty of an offense and liable to a fine of HK$500,000 and to imprisonment for two years on summary conviction, or a fine of HK$2,000,000 and to imprisonment for seven years on conviction on indictment.

During the Track Record Period and as at the Latest Practicable Date, our Group, through its Hong Kong subsidiary, Kinwong Electronic (Hong Kong) Limited (景旺電子(香港)有限公司), engages primarily in the sales of PCB products, and had not imported any articles which would contravene section 6C of the Import and Export Ordinance nor exported any articles which would contravene section 6D of the Import and Export Ordinance and is not required to obtain a licence under section 3 of the Import and Export Ordinance.

Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong) (the "Import and Export Regulations")

Regulation 3 of the Import and Export Regulations sets out exemptions in respect of 4 and 5. Pursuant to regulation 4 of the Import and Export Regulations, every person who imports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete import declaration relating to such article using the specified system, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation of the article to which it relates.

Regulation 5 of the Import and Export Regulations requires that every person who exports or re-exports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete export declaration relating to such article using the specified system, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the exportation of the article to which it relates.

Any person fails or neglects to do such declaration as required under regulations 4 and 5 of the Import and Export Regulations within 14 days after the importation or exportation (as the case may be) of the article to which it relates without any reasonable excuse shall be liable to (1) a fine of HK$2,000 upon summary conviction; and (2) commencing from the date of conviction, a fine of HK$100 in respect of everyday during which his failure or neglect to lodge such declaration in that manners continues. Further, any person who knowingly or recklessly lodges any declaration with the Commissioner of Customs and Excise that is inaccurate in any material particular shall be liable on summary conviction to a fine of HK$10,000.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "Inland Revenue Ordinance") and Transfer Pricing

The taxation of corporations carrying on business in Hong Kong is governed by the Inland Revenue Ordinance. Hong Kong adopts a territorial source principle of taxation, under which only profits arising in or derived from Hong Kong are subject to profits tax. During the Track Record Period and as at the Latest Practicable Date, our Hong Kong subsidiary, Kinwong Electronic (Hong Kong) Limited (景旺電子(香港)有限公司), is subject to a profits tax rate of 8.25% on the first HK$2 million of assessable profits and 16.5% on the remaining profits.

As our Hong Kong subsidiary conducts trading transactions with other group companies located in different jurisdiction(s), we are also subject to the laws and regulations on transfer pricing in Hong Kong.

Section 20A of the Inland Revenue Ordinance gives the Inland Revenue Department of Hong Kong (the "**IRD**") wide powers to collect tax due from non-residents. The IRD may also investigate or make appropriate assessments and transfer pricing adjustments under Section 50 AAF of the Inland Revenue Ordinance, and make additional assessments under section 60 of the Inland Revenue Ordinance. The IRD may also challenge the entire arrangement under general anti-avoidance provisions according to sections 61 and 61A of the Inland Revenue Ordinance.

The Inland Revenue (Amendment) (No. 6) Ordinance 2018 (the "**Amendment Ordinance**") codifies the transfer pricing principles in relation to how the pricing for the supply of goods and services between associated parties should be determined and implemented. Departmental Interpretation and Practice Notes Nos. 45, 46, 48, 58, 59 and 60 issued by IRD set out its interpretations and practices in relation to transfer pricing and related issues.

Pursuant to the Amendment Ordinance, a person who have a Hong Kong tax advantage if taxed on the basis of a non-arm's length provision (the "**Advantaged Person**") will have income adjusted upwards or loss adjusted downwards. Section 50AAF of the Inland Revenue Ordinance stipulates that the Advantaged Person's income or loss is to be computed as if arm's length provision had been made or imposed instead of the actual provision. If the Advantaged Person fails to prove to the satisfaction of the assessor of the IRD that the person's income or loss as stated in the person's tax return is the arm's length amount, the assessor of the IRD must estimate an amount as the arm's length amount and, taking into account the estimated amount (a) make an assessment or additional assessment on the person; or (b) issue a computation of loss, or revise a computation of loss resulting in a smaller amount of computed loss, in respect of that person.

The Amendment Ordinance introduces a mandatory "three-tiered" transfer pricing documentation requirement in Hong Kong consisting of (a) Master File; (b) Local File; and (c) Country-by-country Report. The Amendment Ordinance provides two types of exemptions to entities that engage in transactions with associated enterprises from preparing Master File and Local File. In terms of size-based business exemption thresholds, a Hong Kong taxpayer meeting any two of the following three size-based business exemption thresholds for an accounting period is exempted from preparing the Master File and Local File for that accounting period: (a) Total annual revenue not exceeding HK$400 million; (b) Total value of assets not exceeding HK$300 million; or (c) Average number of employees not exceeding 100. In terms of volume-based related party transactions exemption thresholds, the threshold per accounting period for transfer of property (whether movable or immovable but excluding financial assets and intangible assets) is HK$220 million.

LAWS AND REGULATIONS IN THE UNITED STATES

U.S. Export Control Laws and Regulations

The Export Control Reform Act of 2018 authorizes the U.S. President to implement "dual-use" export controls. Pursuant to this statutory authority, the U.S. Department of Commerce, Bureau of Industry and Security ("**BIS**") administers the Export Administration Regulations ("**EAR**"), codified at 15 C.F.R. § 730 et seq. The EAR control the export, reexport, and transfer (in-country) of dual-use commodities, software and technology. The EAR apply to all items "subject to the EAR" as defined at EAR §§ 734.2 — 734.5. Items subject to the EAR include U.S.-made items and items physically in the U.S. as well as certain non-U.S. made items. The EAR applies to goods, software and technology subject to the EAR located anywhere in the world.

In October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is "knowledge" that the item is destined for end use in the development or production of integrated circuits at a fab in China that fabricates integrated circuits meeting certain criteria. The BIS October 2022 IFR was amended in October 2023 to strengthen export controls relating to advanced computing and semiconductor manufacturing equipment. On December 2, 2024, BIS issued an interim final rule and a final rule, which expanded controls in the EAR on advanced computing and semiconductor manufacturing items.

U.S. Sanctions

The U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") administers regulations imposing economic sanctions on countries and designated individuals and entities. These regulations implement Executive Orders issued by the President primarily under the International Emergency Economic Powers Act ("**IEEPA**"). The United States maintains a set of complex restrictions on transactions involving embargoed countries and regions. As of the date of this document, Cuba, Iran, North Korea, and the Crimea, Donetsk and Luhansk regions of Ukraine are the subject of comprehensive U.S. embargoes. Other sanctions programs target activities such as terrorism, drug trafficking, human rights, and other matters of importance to U.S. national security and foreign policy. There are also strict, "near-comprehensive" sanctions in place against certain other jurisdictions such as the Russian Federation. OFAC implements "primary" and "secondary" sanctions with specific restrictions unique to each individual sanctions program. Sanctioned persons are identified on OFAC's List of Specially Designated Nationals and Blocked Persons ("**SDN**"). All assets of SDNs are blocked and U.S. persons are generally prohibited from dealing with them absent an applicable OFAC license or exemption.

U.S. Tariffs

There have been changes in international trade policies and fluctuating political tensions between the U.S. and China. The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. In the first Trump Administration, the U.S. imposed wide-ranging tariffs on imports from China under Section 301 of the Trade Act of 1974, ranging from 7.5% to 25%, following an investigation into alleged technology transfer. Those tariffs, which first took effect in 2018, were extended under the Biden Administration and remain in effect today, subject to select exemptions granted by USTR. Starting from February 2025, the U.S. government imposed a series of tariff increases on imports from China, including two sets of tariffs under the IEEPA. In response to the multiple rounds of tariff increases by the U.S. government, China also announced several rounds of retaliatory tariffs on goods imported from the U.S. For example, the United States government imposed a 20% tariff to address the fentanyl issue, and, temporarily, a 125% reciprocal tariff on Chinese-origin goods. In May 2025, following a meeting between U.S. and Chinese officials in Geneva, the U.S. government suspended the heightened retaliatory "reciprocal" tariffs on China for 90 days, reducing such "reciprocal" rate to 10%, which was extended for 90 days by mutual agreement in August 2025. On November 1, 2025, the U.S. and China announced their agreement to relax certain tariff and other trade controls. The U.S. has lowered the tariffs on Chinese imports imposed to curb fentanyl flows by removing 10 percentage points of the cumulative rate of 20%, effective November 10, 2025, and continued its suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026. On February 20, 2026, the U.S. Supreme Court ruled that the President lacked authority to impose tariffs under IEEPA. The reciprocal and fentanyl tariffs imposed on goods imported from China are thus *void ab initio*, and the Group's goods imported into the U.S. are no longer subject to IEEPA tariffs. The Trump Administration has already sought to replace the IEEPA tariffs with a 10% tariff under Section 122 of the Trade Act, effective February 24, 2026.