This section sets out a summary of certain aspects of the laws and regulations of Hong Kong, the PRC, Macau and the U.S. which are relevant to the operations and business of our Group. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as at the date of this document, which may be subject to change.

HONG KONG LAWS AND REGULATIONS

There are no specific industry-related qualifications, licences or permits needed to be obtained or major industry-related statutory requirements needed to be complied with by our Group for carrying on our businesses in Hong Kong, with the exception of (i) the general legal requirement for applying and obtaining a valid business registration certificate under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong); (ii) the specific statutory requirement to obtain a valid licence to cover the import and export of certain strategic commodities from the Director-General of Trade and Industry by our Group; (iii) certain licence conditions requiring approvals to be obtained from the Director-General of Trade and Industry by our Group for the subsequent resale, transfer or disposal of the licensed strategic commodities; and (iv) the statutory requirements under Producer Responsibility Scheme on Waste Electrical and Electronic Equipment.

Business registration

The Business Registration Ordinance requires every person carrying on any business to make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid, issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

Supply of goods

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) which aims to codify the laws relating to the sale of goods provides that:

(a) Under section 15, where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description;

(b) under section 16, where a seller sells goods in the course of a business, there is an implied condition that the goods supplied under the contract are of merchantable quality, except that there is no such condition (i) as regards to defects specifically drawn to the buyer's attention before the contract is made; (ii) if the buyer examines the goods before the contract is made, as regards defects which that examination ought to reveal; or (iii) if the contract is a contract for sale by sample, as regards defects which would have been apparent on a reasonable examination of the sample; and

(c) under section 17, where there is a contract for sale by sample, there are implied conditions that (i) the bulk shall correspond with the sample in quality; (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample; and (iii) the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination by sample.

Where any right, duty or liability would arise under a contract for sale of goods by implication of law, it may (subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong)) be negatived or varied by express agreement or by course of dealings between the parties or by usage if the usage is such as to bind both parties to the contract.

Supply of services

The Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) which aims to consolidate and amend the laws with respect to the terms to be implied in contract for the supply of services (including a contract for the supply of a service whether or not the goods are also transferred or to be transferred or bailed or to be bailed by way of hire), provides that:

(a) where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service with reasonable care and skill; and

(b) where the supplier is acting in the course of a business, the time for the service to be carried out is not fixed by the contract, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties, there is an implied term that the supplier will carry out the service within a reasonable time.

Where a supplier is dealing with a party to a contract for the supply of a service who deals as consumer, the supplier cannot, by reference to any contract term, exclude or restrict any of his liability arising under the contract by virtue of the Supply of Services (Implied Terms) Ordinance. Otherwise, where a right, duty or liability would arise under a contract for the supply of a service by virtue of the Supply of Services (Implied Terms) Ordinance, it may (subject to the Control of Exemption Clauses Ordinance) be negatived or varied by express agreement or by the course of dealing between the parties or by such usage that binds both parties to the contract.

Control of exemption clauses

The Control of Exemption Clauses Ordinance which aims to limit the extent to which civil liability for breach of contract or for negligence or other breach of duty, can be avoided by means of contract terms and otherwise provides that:

(a) under section 7, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his liability for death or personal injury resulting from negligence and in the case of other loss or damage, a person cannot exclude or restrict his liability for negligence except in so far as the term or notice satisfies the requirements of reasonableness;

(b) under section 8, as between contracting parties where one of them deals as consumer or on the other's written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach; (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him; or (iii) claim to be entitled in respect of the whole or any part of his contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness;

(c) under section 9, a person dealing as a consumer cannot by reference to any contract term be made to indemnify another person in respect of liability that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness; and

(d) under section 11, as against a person dealing as consumer, liability for breach of the obligations arising from sections 15, 16 and 17 of the Sale of Goods Ordinance cannot be excluded or restricted by reference to a contract term, but only in so far as the terms satisfying the requirement of reasonableness.

Sections 7, 8 and 9 of the Control of Exemption Clauses Ordinance do not apply to any contract so far as it relates to the creation or transfer of a right or interest in any patent, trademark, copyright, registered design, technical or commercial information or other intellectual property or relates to the termination of any such right of interest.

In relation to a contract term, the requirement of reasonableness for the purpose of the Control of Exemption Clauses Ordinance is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regarded to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

Strategic commodities

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) requires that the import and export of the articles contained in the schedules to the Import and Export (Strategic Commodities) Regulations (Chapter 60G of the Laws of Hong Kong) (the "**Regulations**") must be covered by valid licences issued by the Director-General of Trade and Industry.

Licensing applications should be made for the import and export of the strategic commodities and be submitted to the Strategic Trade Controls Branch of the Trade and Industry Department. Since it is the policy of Hong Kong to maintain a licensing system complementary to the export control arrangement of its trading partners, Trade and Industry Department will only approve licences to cover shipments that are in full compliance with the export control regulations of the originating/supplier/foreign exporting country. The originating/supplier/foreign exporting country of encryption products, especially if it is a member of the Wassenaar Arrangement, may impose export control over the products by ways of individual licence, general licences, licence exceptions or other mechanisms. To ascertain such compliance, licence applicants are required to provide

additional supporting documents to the Trade and Industry Department, including but not limited to the relevant government authorities' determination/classification result indicating that the goods have been reviewed and classified to be eligible for export to the proposed destination(s)/end-user(s), individual export licence, the review request/notification submitted by the products' manufacturer to the relevant government authorities, manufacturer's certification letter etc..

On issuing of a licence by the Trade and Industry Department, apart from the standard licence conditions, the Director-General of Trade and Industry may, depending on circumstances of individual cases, impose special and additional conditions on approved licences. For U.S.-origin encryption products, common special licence condition is that the licence only authorises import of the goods for civil end-use by non-government end-users. Any further reexport, resale or transfer of the goods for the use by government end-user(s) requires prior notice to and approval from the Director-General of Trade and Industry.

We had imported approximately 42 encryption products (i.e. articles falling under Category 5, Part 2 - Information Security as contained in Schedule 1 of the Regulations to which the import and export are subject to the licensing control) with category 5A002 during the Track Record Period for sale to our customers or for maintenance of minimal level of inventories as demonstration equipment to our customers. We had also imported approximately 17 encryption products with category 5A002 during the Track Record Period for the purpose of replacement of encryption products with defects as replacement units as requested by customers or for swapping eligible types of encryption products with the newer version as requested by customers as part of a hardware refresh program provided by one of the IT product vendors. All such encryption products subject to the Regulations were imported from the U.S. and were controlled under ECCN 5A002. Licensing applications had been made and the import licences had been obtained for the import of the said encryption products and we believe we had complied in material respects with the licensing requirements and conditions under the Regulations as at the Latest Practicable Date. During the Track Record Period, the revenue attributable to these encryption products for sale to our customers was approximately HK$3.7 million, HK$513,000 and HK$336,000, respectively, whereas the gross profit was approximately HK$0.5 million, HK$38,000 and HK$33,000, respectively, and the gross profit margin was approximately 13.5%, 7.4% and 9.7%, respectively. The decrease in our Group's gross profit margin attributable to U.S. imported encryption products from 13.5% for FY2019/2020 to 7.4% for FY2020/2021, was principally attributable to the sale of eight encryption products, which our Group imported from a U.S. supplier for demonstration equipment before the Track Record Period, to Customer D in FY2020/2021. Given that such encryption products were imported by our Group for quite some time before the sale, to avoid such encryption products from becoming obsolete, our Group sold such products to Customer D at relatively lower price.

During the Track Record Period, we had also handled the subsequent resale, transfer or disposal of encryption products covered by import licences. We believe we had complied in material respects with the licence conditions and obtained the written approvals from the Director-General of Trade and Industry (where required) before proceeding with the resale, transfer or disposal of the products as at the Latest Practicable Date.

Producer Responsibility Scheme on Waste Electrical and Electronic Equipment

The Product Eco-responsibility Ordinance (Chapter 603 of the Laws of Hong Kong) aims to introduce measures to minimise the environmental impact of certain types of products and to provide for related matters. In July 2017, the Legislative Council of Hong Kong passed the subsidiary legislation titled the Product Eco-responsibility (Regulated Electrical Equipment) Regulation (Chapter 603B of the Laws of Hong Kong) under the Product Eco-responsibility Ordinance to provide for certain operational details of the Producer Responsibility Scheme on Waste Electrical and Electronic Equipment ("**WPRS**").

The WPRS has been fully implemented in 2018. Starting from 1 August 2018, suppliers of air-conditioners, refrigerators, washing machines, televisions, computers, printers, scanners and monitors (collectively referred to as "**regulated electrical equipment**" or "**REE**") must be registered with the Environmental Protection Department before distributing REE. Under the WPRS, supplier means the manufacturers of REE in Hong Kong or the importer of REE into Hong Kong for distribution in the course of his business. Registered suppliers must fulfill other statutory obligations, including the submission of returns to the Environmental Protection Department and payment of recycling levies, as well as providing recycling labels when distributing REE.

At the same time, a seller must have a removal service plan endorsed by the Environmental Protection Department for selling REE. Under the WPRS, seller means a person who carries on a business of distributing REE to consumers. A seller must not distribute REE in the absence of a removal service plan that has been endorsed by Environmental Protection Department. When a seller sells REE and if requested by the consumer, the seller should arrange for the consumer a free removal service to dispose of the same class of equipment abandoned by the consumer in accordance with the endorsed plan. When a seller distributes REE to a consumer, the seller must notify the consumer in writing of the arrangements of the statutory removal service and the relevant terms of service so that the consumer can make a choice according to his/her own needs, provide to the consumer appropriate recycling labels to consumers purchasing REE and provide to the consumer receipts with the prescribed wording to inform consumers about the recycling levy payable by registered supplier in respect of an item of REE under the scheme. The seller must also keep a record of the requests for statutory removal services for the ease of future review.

Multisoft is a seller of IT hardwares, including computers, printers, monitors and scanners which are REE. The removal service plan of Multisoft has been endorsed by Environmental Protection Department. During the Track Record Period and up to the Latest Practicable Date, we had arranged for our consumers free removal service to dispose of the same class of equipment abandoned by the consumers in accordance with the endorsed plan. We believe we had also complied in all material respects with the statutory requirements as a seller for distributing REE to consumers under the WPRS as at the Latest Practicable Date.

Mandatory Provident Fund

Under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) ("**MPFSO**"), employees must participate in a Mandatory Provident Fund, which is a defined contribution retirement plan administrated by independent trustees, for its employees employed under the Hong Kong Employment Ordinance.

Pursuant to the MPFSO, the employer and its relevant employee, are each required to make contributions to the scheme at 5% of the relevant employees' relevant income, including any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance expressed in monetary terms, paid or payable by the employer to the relevant employee in consideration of his employment.

Minimum Wage

The prescribed minimum hourly wage rate (currently set at HK$37.5 per hour) during the wage period for every employee is govern by the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) ("**MWO**"). Any provision of employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee under the MWO is void.

PRC LAWS AND REGULATIONS

The operation of our business in China shall strictly obey the laws and regulations of the PRC. This section summarizes the main relevant laws and regulations which impact the key aspects of the industry in which our business operates.

Laws and Regulations Relating to Foreign Investment

In accordance with the Foreign Investment Law of the PRC (the "**Foreign Investment Law**"), which came into force on 1 January 2020, the State applies the administrative system of pre-establishment national treatment plus foreign investment negative list to foreign investment. A foreign investor shall not invest in a field which is prohibited by the negative list and shall meet the investment conditions set out in the list for the purpose of investing in a field restricted by the list. For fields outside of the negative list, investment administration shall be conducted under the principle of equal treatment to domestic and foreign investment. According to the Special Administrative Measures for the Access of Foreign Investment (2021 version) (the "**Negative List**"), which was jointly issued by the MOFCOM and NDRC on 27 December 2021 and became effective on 1 January 2022, our Group which currently provides integrated IT solution does not fall into the Negative List.

Laws and Regulations Relating to Computer Security Products

The Administrative Measures for Testing and Selling License of Special Products Used for the Security of Computer Information Systems (the "**Measures**"), which took effect on 12 December 1997, regulates the testing and selling of special hardware and software used to protect the security of computer information systems (the "**Computer Security Products**"). Under the Measures, the producers shall, before their products come into the market, obtain selling licenses and mark a "Permitted to Sale" label on the products. Any unity or individual is not allowed to sale Computer Security Products that do not have a "Permitted to Sale" label. The Regulations of the PRC on Protecting the Safety of Computer Information Systems which was last amended on 8 January 2011 and the Ministry of Public Security's Response on Punishment of Units that Sell Computer Information System Security Special Products Without Selling License which took effect on 12 March 1999, specify that, those sell Computer Security Products without Selling License or "Permitted to Sale" label may be subject to a warning or a fine up to RMB15,000; in case there is illegal income, additional fine of 1 to 3 times of the illegal income may be imposed and the illegal income will be confiscated.

Laws and Regulations Relating to Network Products, Key Network Equipment and Specialised Cybersecurtiy Products

The Cybersecurity Law of the PRC (the "**Cybersecurity Law**"), which became effective on 1 June 2017, is a law enacted to regulate the construction, operation, maintenance and use of the network within the PRC. Pursuant to the Cybersecurity Law, the key network equipment and specialized cybersecurity products shall, in accordance with the compulsory requirements of relevant national standards, pass the security certification conducted by qualified institutions or meet the requirements of security detection before being sold or provided.

Pursuant to the Cybersecurity Law, network product providers shall meet their obligations as to: (i) shall not install malware; (ii) shall immediately take remedial measures, inform users in a timely manner and report to the competent department in the case when a provider discovers any risk such as security defect and vulnerability of its network products; and (iii) shall continuously provide security maintenance for their products. If any violation of the above obligations occurs, the competent government authority may have the rights to order the provider to take corrective action. And, if the provider refuses to take corrective action or consequences such as endangering cybersecurity are caused, the providers may be subject to a fine up to RMB500,000 and their directly responsible person in charge may be fined for no more than RMB100,000.

Laws and Regulations Relating to Customs, Import and Export

The Foreign Trade Law of the PRC (the "**Foreign Trade Law**"), which was last amended on 7 November 2016 and the Measures for the Filing and Registration of Foreign Trade Business Operators, which was last amended on 10 May 2021, require that foreign trade operators who engage in the import or export of goods or technologies must register in accordance with the rules and obtain the Registration Form of Foreign Trade Business Operators. In accordance with the Customs Law of the PRC (the "**Customs Law**"), which was last amended on 29 April 2021, the Regulation of the PRC on the Administration of the Import and Export of Goods, which took effect on 1 January 2002, and the Provisions of the PRC on the Administration of Recordation of Customs Declaration Entities, which became effective on 1 January 2022, a consignee or consignor of imported/exported goods may make customs declaration by themselves after being filed with the Customs or entrust it to a customs declaration agent which has been filed with the Customs for making declaration.

Laws and Regulations Relating to the Intellectual Property Rights

Trademark Law

Pursuant to the Trademark Law of the PRC (the "**Trademark Law**"), which was last amended on 1 November 2019 and the Regulation on the Implementation of the Trademark Law of the PRC, which was last amended on 1 May 2014, a registered trademark means a trademark that has been approved by and registered with the trademark office, including goods trademarks, service trademarks, collective trademarks and certification trademarks. Twelve months prior to the expiration of the 10-year term, an applicant can renew the application and reapply for trademark protection. A registered trademark is valid for 10 years commencing on the date of registration approval.

Copyright Law and Regulation on Computers Software Protection

According to the Copyright Law of the PRC (the "**Copyright Law**"), which took effect on 1 June 1991 and last amended on 1 June 2021, copyright includes computer software and the Copyright Protection Centre of China provide voluntary register system for copyright. According to the Regulation on Computer Software Protection, which took effect on 1 October 1991 and last amended on 1 March 2013, the software copyright shall exist from the date on which its development has been completed and software copyright owner may register with the software registration institution recognized by the copyright administration department of the State Council.

Laws and Regulations Relating to the Labor and Social Insurance

According to the Labor Law of the PRC (the "**Labor Law**"), which became effective on 1 January 1995 and was last amended on 29 December 2018, the employer shall establish and perfect its system for labor safety and sanitation, strictly abide by State rules and standards on labor safety and sanitation, educate labours in labor safety and sanitation, prevent accidents in the process of labor and reduce occupational hazards. Labor safety and sanitation facilities shall meet State-fixed standards.

The Labor Contract Law of the PRC (the "**Labor Contract Law**"), which came into effect on 1 January 2008 and was amended on 1 July 2013, and the Regulation on the Implementation of the Labor Contract Law of the PRC, which became effective on 18 September 2008, stipulate that labor contracts shall be concluded if labor relationships are to be established. An employer and an employee may enter into a fixed-term labor contract, an at-will labor contract or a labor contract that concludes upon the completion of certain work assignments, after reaching agreement upon due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Labor contracts concluded prior to the enactment of the Labor Contract Law and subsisting within the validity period thereof shall continue to be honoured. With respect to a circumstance where a labor relationship has already been established but no formal contract has been made, a written labor contracts shall be entered into within one month from the effective date of the Labor Contract Law.

According to the Interim Regulations on Collection and Payment of Social Insurance Premiums which was last amended on 24 March 2019, the Regulation on Work Related Injury which was last amended on 1 January 2011, the Regulations on Unemployment Insurance which became effective on 22 January 1999 and the Trial Measures on Employee Maternity Insurance of Enterprises which came into effect on 1 January 1995, Chinese enterprises shall provide their employees with benefit programs including basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. Employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. According to the Social Insurance Law which was last amended on 29 December 2018, for employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so, employers have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them and their executive staffs and other directly responsible persons shall be fined RMB500 to

RMB3,000. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit and shall impose a daily late fee at the rate of five-ten thousandths of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the relevant administrative department.

Pursuant to the Regulation on the Administration of Housing Accumulation Funds which was last amended on 24 March 2019, an enterprise shall make deposit registration of housing provident funds with the housing provident fund management centre and shall, after the housing provident fund management centre has checked the registration, open the housing provident fund account with an entrusted bank for its employees. An enterprise shall, within 5 days of paying wages to an employee each month, remit the housing provident fund deposited by the enterprise and that withheld for the employee into the special housing provident fund account and the entrusted bank shall deposit the said funds into the employee's housing provident fund account. Where an enterprise fails to deposit the housing provident fund within the time limit or under-deposits the fund, it shall be ordered by the housing provident fund management centre to deposit the fund or the deficit within a time limit.

Laws and Regulations Relating to Taxation

Enterprise Income Tax

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), which was last amended on 29 December 2018 and the Regulation on the Implementation of Enterprise Income Tax Law of the PRC, which was last amended on 23 April 2019, resident enterprises are set up in the PRC under the PRC laws or are set up in accordance with the law of the foreign country (region) whose actual administration institution is in the PRC. A resident enterprise shall pay EIT on its income originating from both inside and outside the PRC at an EIT rate of 25%. A withholding tax at the rate of 10% is applicable to dividends payable to investors that are non-resident enterprises (those who do not reside or have a place of business in China or those that reside or have a place of business but to whom the relevant income tax is not actually associated) to the extent such dividends from sources within China unless there is an applicable tax treaty between the jurisdiction of non-resident enterprises and China, which may reduce or provide an exemption for the tax. Similarly, any gain realized on the transfer of shares by such investors is subject to 10% of the PRC income tax rate (or lower treaty rate if applicable) if such gain is regarded as income from sources within China.

Dividend Tax

Pursuant to the Arrangement between 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, which took effect in the PRC on 1 January 2007 and the Protocol V of it, which came into effect on 6 December 2019, the PRC resident enterprise which distributes dividends to its Hong Kong shareholders should pay income tax according to the PRC law, however, if the beneficiary of the dividends is a Hong Kong resident enterprise, which directly holds no less than 25% equity interests of the aforesaid enterprise (i.e. the dividend distributor), the tax levied shall be 5% of the distributed dividends.

Value-added Tax

According to the Interim Regulation of the PRC on Value Added Tax (the "**Interim Regulation on Value Added Tax**"), which was last amended on 19 November 2017, and the Detailed Rules for the Implementation of the Interim Regulation of the PRC on Value Added Tax, which was last amended on 1 November 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services and the importation of goods within the territory of the PRC shall pay value-added tax. According to the Notice of the State Council on Effectively and Comprehensively Promoting the Pilot Program of Replacing Business Tax with Value-Added Tax, which took effect on 1 May 2016, the pilot practice of levying VAT in lieu of business tax was extended nationwide to the sale of services, intangible assets or property.

City Maintenance and Construction Tax and Educational Surcharges

According to the Notice of the State Council on Extending the Urban Maintenance and Construction Tax and Educational Surcharges from Chinese to Foreign-funded Enterprises, which came into effect on 1 December 2010, since 1 December 2010, the Interim Regulation of the PRC on Urban Maintenance and Construction Tax (the "**Interim Regulation on Urban Maintenance and Construction Tax**") and the Interim Provisions on the Collection of Educational Surcharges (the "**Interim Provisions on Educational Surcharges**") shall apply to foreign-funded enterprises, foreign enterprises and individuals of foreign nationalities. The payment of city maintenance and construction tax is based on the actual amount of consumption tax or VAT paid by the taxpayers and shall be paid respectively at the same time along with the consumption tax or VAT. If the location of the taxpayer is in urban area, the tax rate shall be 7%; if the location of the taxpayer is in a county or town, the tax rate shall be 5%; the tax rate shall be 1% for taxpayer located out of urban area, county or town. The tax rate of education surcharges shall be 3% of the actual amount of consumption tax, VAT and business tax paid by the entities and individuals and paid at the same time respectively along with the VAT, business tax and consumption tax.

Laws and Regulations Relating to Foreign Exchange

In accordance with the Regulation of the PRC on Foreign Exchange Administration (the "**Regulation on Foreign Exchange**"), which was last amended on 5 August 2008, RMB is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans unless prior approval/registration of the State Administration of Foreign Exchange is obtained. In accordance with the Regulations on the Sale and Purchase of and Payment In Foreign Exchange, which took effect on 1 July 1996, a foreign invested enterprise is allowed to process the sale and purchase of and payment in foreign exchange for capital account items after submitting valid commercial documents and getting approval from the State Administration of Foreign Exchange (the "**SAFE**"). According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment, which took effect on 1 June 2015, certain of the aforementioned approval rights of the SAFE are authorised to designated banks.

According to the Notice of the SAFE on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Account, which came into effect on 9 June 2016, the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas [REDACTED], etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks as actually needed for business operation. The RMB funds obtained by a domestic entity from its discretionary settlement of foreign exchange receipts under the capital account shall be included in the account pending for foreign exchange settlement and payment. The discretionary exchange settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The SAFE may adjust the above ratio in due time in accordance with the balance of international payment status. Foreign exchange receipts under the capital account of domestic entities and its capital in RMB obtained from foreign exchange settlement shall not be directly or indirectly used for payments outside its business scope.

MACAU LAWS AND REGULATIONS

Laws and regulations in relation to the activities of trading, installation and maintenance services of computer software and hardware

Under the Macau law, there is no special regulation governing the trading, installation and maintenance services of computer software and hardware.

However, pursuant to article 85 of the Macau Commercial Code, product importers and, in the case that there is no Macau manufacturer or importer, the retailers shall be liable to the damages as incurred due to the defects of the products that they import or retail from the perspective of civil compensation.

Moreover, pursuant to article 6 of the Administrative Regulation no. 17/2008 dated 7 July 2007 on product safety, distributors of products are obligated to:—

(i) Refrain from distributing unsafe products that distributors are aware of or should be aware of, due to professional reasons or information that the distributors possess;

(ii) Contribute, within the scope of the respective activity, to the safety control of products as placed on the market, namely, providing consumers with all information about the risks;

(iii) Promote and collaborate in actions developed to eliminate the risks of products, namely, removal of the products from the market; and

(iv) Deliver a sample of the product for safety test, as requested by the competent entity.

Laws and regulations in relation to Importation

Importation

In Macau, the importation and exportation of commercial products are mainly regulated by the Law no. 7/2003 dated 12 June 2003, also known as External Commerce Law (the "**ECL**").

In accordance with article 9 paragraph 1 item (2) of ECL and Schedule II Table B (Importation Table) ("**Importation table**") as approved by the Dispatch of the Chief Executive no. 487/2016 dated 15 December 2016, importation of computer software and hardware is not subject to importation license of the Macau Economic and Technological Development Bureau.

However, for the importation of products which are out of the list of Importation Table (including computer software and hardware), the importation of such product is not subject to importation license, but it is required, pursuant to article 10 of ECL, to submit an importation/exportation declaration to Macau Custom in the case that:—

(i) the value of importation is higher than five thousand Macau Patacas (MOP$5,000.00); or

(ii) such particular importation is part of a whole importation activity with value higher than five thousand Macau Patacas (MOP$5,000.00) although the value of such particular importation is less than five thousand Macau Patacas (MOP$5,000.00).

In either the application of importation license or importation/exportation declaration, it is required to submit the following documents to the Macau Custom, for clearance, on the receipt day of the related goods in Macau:

(i) Importation license or importation/exportation declaration;

(ii) Bill of lading;

(iii) Identity document of the applicant/importer;

(iv) Invoice;

(v) List of goods; and

(vi) Power of attorney (in case that the goods taker is not the approved importer).

Laws and regulations in relation to labour

The labor legal framework of Macau is regulated by Law no. 7/2008 dated 18 August 2008 ("**Law no. 7/2008**") and the regime of hiring non-resident workers is governed by Law no. 21/2009 dated 27 October 2009 ("**Law no. 21/2009**").

Pursuant to article 17 of Law no. 7/2008, employment of a local adult is not subject to written form and can be made by verbal contract. However, under the Macau labour laws, a fixed-term employment is an exceptional regime based on the temporary necessity of the enterprise subject to written contract in which the rationale of temporary necessity must be specified.

Furthermore, the remuneration of employees must be paid by the legal tender of Macau, i.e. the Macau Patacas.

Pursuant to Decree Law no. 40/95/M dated 14 August 1995, it is mandatory for employer to insure labour insurance against the occupation accidents and diseases of the employees under the consolidated policy as set forth in the Order no. 237/95/M dated 14 August 1995.

Regarding the working environment, an employer must comply with the rules provided under the Decree Law no. 37/89/M, in order to provide a safe and clean working environment for its employees. Failure to comply with those rules may result in the application of fines to the employer, according to the provisions set out by Decree Law no. 13/91/M (the "**Sanctions for the Incompliance of Regulation on Occupational Safety and Hygiene in Commercial Establishment office and Labor Establishments**").

Moreover, our Group must comply with the rules provided under Law no. 4/2010, which defines social security system and retirement pension. All employers who maintain employment relationships shall make registration with society security fund and make contribution therefore.

Regarding the employment of non-residents, it is important to note that non-residents of Macau are generally not permitted to work unless a proper work permit has been obtained. The employment of non-resident workers is subject to strict regulations as prescribed under Law no. 21/2009, which sets forth the terms for granting and renewing work permits for non-resident workers.

A standardised condition or burdens of permitting the employment of non-resident workers are set out in Administrative Regulation no. 13/2010, which includes, regular body check, designated working locations, compliance with the minimum number of resident workers hired, acceptance for reassessment on the allowed number of non-resident workers and other conditions and burdens as the approval authority may require.

Non-compliance with the Law no. 21/2009 may constitute administrative offenses, sanctioned with fines and accessory sanctions of revocation of all or part of the authorisations to employ non-resident workers along with the prohibition to request new authorisations for a certain period of time.

Tax issues

Industrial Tax

Pursuant to the Regulation of Industrial Tax, as approved by Law No. 15/77/M dated 31 December 1977, all entities who exercise any commercial or industrial activities are subject to the Industrial Tax.

Industrial Tax is charged every year based on the fixed rates of the activities as stated in the General Table of Activities as annexed in the same Regulation of Industrial Tax.

However, most of the items subject to Industrial Tax were waived by Macau government in recent years by the budget legislation of each year.

Complementary Income Tax

The Complementary Income Tax shall be considered as profit tax in commercial or industrial activities which charges on the actual profit or estimated profit of the taxpayer pursuant to the article 4 of the Regulation of Complementary Income Tax, as approved by Law no. 21/78/M dated 9 September 1978.

Taxpayers of Complementary Income Tax are classified as either Group A or Group B.

Group A taxpayers are those entities (i) with capital not less than one million Macau Patacas (MOP$1,000,000.00); (ii) average taxable profits in three consecutive years of over one million thousand Macau Patacas (MOP1,000,000.00); or (iii) requesting to change to Group A from Group B by declaration. Besides the above, all other taxpayers are under Group B.

For the Group A taxpayer, the Complementary Income Tax is assessed based on its actual profit and each of the Group A taxpayers, along with a licensed accountant/auditor, is required to submit the following documents to the Macau Financial Bureau within April to June each year:

- Income declaration under the given tax form;
- Copy of the meeting minutes approving the accounts;
- Copies of consolidated balance sheet and profit and loss account in accordance with the Official Plan of Accounting;
- Worksheets due to adjustments and the trial balance;
- Depreciation schedule under the given tax form;
- Usage of reserve fund under the given tax form;
- Supporting documents of bad debts; and
- Technical report in relation to inventory value and the criteria of valuation, general administrative costs and other necessary information for determining the taxable profits.

Group B taxpayer is not required to engage a licensed accountant/auditor nor submit the aforementioned mandatory documents that a Group A taxpayer is required to submit for tax reporting. However, a Group B taxpayer is still required to report its profit or deficit within February to March each year. The Macau Financial Bureau shall determine the estimate profit based on the type and performance of the industry that the taxpayer practices and other factors that the same authority thinks relevant and shall issue the taxpayer an assessment letter in which the estimated profit and the tax amount will be stated on July of the respective year. Should the Group B taxpayer accept the estimate profit and pay the tax amount, the tax duties shall be complied with.

During the Track Record Period, Multisoft (Macau) Limited is a Group B taxpayer under the Complementary Income Tax.

Legal Proceedings

The companies are generally subject to set-off, lawsuit, judgment, judicial proceedings, execution, attachment and other legal process in Macau and are not entitled to claim immunity or privilege with respect to themselves and any of its assets or properties on the grounds of sovereignty or otherwise in Macau.

U.S. LAWS AND REGULATIONS

U.S. export controls regulations

The U.S. export control regime consists primarily of two sets of regulations: the International Traffic in Arms Regulations (22 CFR Parts 120-130) ("**ITAR**"); and the Export Administration Regulations (15 CFR Parts 730-774) ("**EAR**").

The EAR is administered by the BIS. The EAR regulates commercial items, military items, and dual-use items that are not controlled under the ITAR. All items located in the U.S. and foreign made items containing more than a de minimis amount of controlled U.S. content are considered "subject to the EAR". The Commerce Control List ("**CCL**") defines items subject to heightened export controls in 10 categories and, within each category, according to numerous ECCNs. Depending on the ECCN, the corresponding reasons for control, the country of destination, the end-user, and the intended end use, a BIS license may be required to authorise the export, reexport, or transfer (in-country) of items controlled under the EAR. For certain ECCNs, a license exception ("**License Exception**") may authorise the export, reexport, or transfer (in-country) of items that would otherwise require a BIS license. These license exceptions are found in Export Administration Regulations (15 CFR Part 740).

When determining whether a BIS license is required for the export, reexport, or transfer (in-country) of items controlled by a specific ECCN, it is necessary to determine the specific reasons for control listed in the particular ECCN, as well as the country of destination for the item. For example, items controlled under ECCN 5A002 list the following reasons for control: National Security ("**NS**") Column 1; Antiterrorism ("**AT**") Column 1; and Encryption Item ("**EI**"). Thus, in determining whether a BIS license is necessary to export, reexport, or transfer (in-country) a 5A002 item, it is necessary to look at the Commerce Country Chart (Supp. No. 1 to Part 738) to see if there is an "X" marked in the cell next to the country of destination for any of the corresponding reasons of control listed in ECCN 5A002. Because Hong Kong, PRC, and Macau all have an "X" marked in NS Column 1 on the Commerce Country Chart, a BIS license would normally be required for the export, reexport, or transfer (in-country) of items controlled under 5A002. However, items controlled under ECCN 5A002 are eligible for License Exception Encryption Commodities, Software and Technology ("**ENC**") (section 740.17), which authorises the export, reexport, and transfer of, among other things, items classified under ECCN 5A002 to most countries.

Paragraph (b) of License Exception ENC authorises the export, reexport, or transfer of certain encryption items subject to the terms of paragraphs (b)(1), (b)(2), and (b)(3). Paragraphs (b)(1) and (b)(3) both authorise the export, reexport, and transfer of certain ECCN 5A002 items to any end user, subject to the requirements found elsewhere in the EAR prohibiting the export, reexport, or transfer to certain end users or end uses. Paragraph (b)(2) creates a strict liability standard for certain items being exported, reexported, or transferred pursuant to paragraph(b)(2) of License Exception ENC, such that, for certain items that are destined for certain countries, the end user of the item must be either a "less sensitive government end user" or "non-government end user."

As stated above, items that are of U.S.-origin, or foreign-made items that incorporate more than a de minimis amount of controlled U.S. content are subject to the EAR. For example, all items located in the U.S. that are exported to foreign parties located outside the U.S. must comply with the EAR. Further, once those items have been exported from the U.S. to a foreign party, the EAR's export controls continue to follow the item. In practice, this means that a foreign party that receives an item that is subject to the EAR must ensure that any subsequent reexports or transfers also comply with the EAR.

While our Company and our operating subsidiaries, TriTech and Multisoft, are not U.S. entities, our Company nevertheless is responsible for ensuring that the reexport or transfer of any items that are subject to the EAR comply with the terms of the EAR. While we are not responsible for how the items were exported from the U.S. to Hong Kong, TriTech and Multisoft are responsible for how those items are reexported to PRC or Macau or transferred within (i.e. change in end use or end-user of an item within) Hong Kong, in particular with the relevant paragraphs of License Exception ENC pursuant to which the export, reexport or transfer (in-country) of such items are authorised. The consequences of violating the EAR include civil monetary penalties, criminal penalties, or other sanctions as prescribed by the EAR. Additionally, sanctions can be applied such as an export denial order or being designated to the US restricted party lists. Because the requirements of the EAR follow any items which are subject to the EAR, both the US exporter and any non-US persons who subsequently export, reexport, or transfer the items are responsible for complying with the EAR. Any penalties that would be imposed on the parties to a transaction, both US and non-US persons, would depend on the specific facts and circumstances of any violation.

The Final Rule published by BIS in the Federal Register on 31 July 2020 (the "**July 2020 Final Rule**") regarding the suspension of license exceptions for Hong Kong amended the EAR to suspend the availability of certain license exceptions for exports and reexports to Hong Kong, and transfers within Hong Kong of all items subject to the EAR that provided differential treatment from the license exceptions available to the PRC. Specifically, the July 2020 Final Rule suspended 13 license exceptions to the extent that they previously allowed exports or reexports to or from Hong Kong, or transfers within Hong Kong, when they may not be used for exports or reexports to the PRC, or transfers within the PRC. More recently, BIS published a Final Rule on 23 December 2020 (the "**December 2020 Final Rule**") that removed Hong Kong as a separate destination under the EAR, and folds it into the PRC for purposes of export licensing requirements. Now, items subject to the EAR that are destined for Hong Kong are subject to the same licensing requirements as those items destined for the PRC.

Our Company has consulted our U.S. legal advisers to advise on laws relating to U.S. export controls regulations to assess the impact on us as importer of items classified as ECCN 5A002. Having taking into account our U.S. legal advisers' views, as License Exception ENC was not one of the 13 license exceptions that was suspended for exports or reexports to or from Hong Kong, or for transfers within Hong Kong and items classified as ECCN 5A002 continue to be eligible for License Exception ENC after BIS published the July 2020 Final Rule and the December 2020 Final Rule eliminating Hong Kong as a separate destination from the PRC, our Directors expect that by virtue of the continued availability of License Exception ENC, the latest revised control by the July 2020 Final Rule and the December 2020 Final Rule do not have any material adverse impact on our import of encryption products from the U.S..