This section sets forth a summary of the significant laws and regulations that affect our Group's business and operations. Information contained in this section should not be construed as a comprehensive summary nor a detailed analysis of laws and regulations applicable to the business and operations of our Group.

OVERVIEW

Our business operations are subject to respective supervision and regulations from the PRC governments and in Hong Kong. Below is a summary of laws, regulations and policies which are material to our Group:

LAWS AND REGULATIONS RELATING TO WHOLLY FOREIGN-OWNED ENTERPRISE

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on 29 December 1993 and came into effect on 1 July 1994. It was revised several times afterwards, and the latest version was implemented on 26 October 2018. According to the PRC Company Law, companies are classified into two categories, namely limited liability companies and limited companies by shares. The PRC Company Law also applies to foreign-invested limited liability companies and companies limited by shares unless otherwise specified in the relevant foreign investment laws and regulations. The Draft Amendment to the PRC Company Law (《中華人民共和國公司法(修訂草案)》) was released to seek public comments on 24 December 2021. As of the Latest Practicable Date, the Draft Amendment to the PRC Company Law has not been formally adopted.

The establishment procedures, approval procedures, registered capital requirements, foreign exchange control, accounting practices, taxation, labour matters and all other relevant matters of a wholly foreign-owned enterprise shall be subject to the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), which was promulgated by the SCNPC on 12 April 1986 and amended on 31 October 2000 and 3 September 2016, the Implementation Rules of the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》), which was promulgated on 12 December 1990 and amended by the PRC State Council (the "**State Council**") on 12 April 2001 and 19 February 2014, and the Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprise (《外商投資企業設立及變更備案管理暫行辦法》) (the "**Provisional Measures**"), which was promulgated on 8 October 2016 and lastly amended on 29 June 2018. According to the Provisional Measures, only filing is needed for the establishment and changes of the foreign-invested enterprises with no special administrative measures on the admission of foreign investors. The foreign-invested enterprises or their investors shall truly, accurately and completely provide the filing information and fill out the filing application commitment according to the Provisional Measures. On 1 January 2020, the Wholly Foreign-owned Enterprise Law of the PRC was terminated and replaced by the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"). On the same date, the Implementation Rules of the Wholly Foreign-owned Enterprise Law of the PRC and the Provisional Measures were terminated and replaced respectively by the Implementing Rules of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) and the Foreign Investment Information Reporting Measures (《外商投資信息報告辦法》).

The Foreign Investment Law, which was promulgated by the National People's Congress (the "**NPC**") on 15 March 2019 and effective as of 1 January 2020, establishes the basic framework for promotion foreign investment and protection the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, foreign investment refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organisations in the PRC, including the following: (a) foreign investors establishing foreign-invested enterprises in the PRC alone or collectively with other investors; (b) foreign investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (c) foreign investors investing in new projects in the PRC alone or collectively with other investors; and (d) foreign investors investing through other ways prescribed by laws and regulations or the State Council.

The Implementing Rules of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on 26 December 2019 and effective as of 1 January 2020 and the Measures for the Foreign Investment Information Report (《外商投資信息報告辦法》), specify the authorities, procedures, requirements and legal responsibilities of the reporting of the establishment and changes of a foreign-invested enterprise through the Foreign Investment Information Report System which replaces the Filing System as stipulated under the Provisional Measures. Accordingly, foreign-invested enterprises or foreign investors shall submit the initial record, the change record, the cancellation report and the annual report to report investment information.

Moreover, investment activities in the PRC by foreign investors are governed by the Catalog of Industries for Encouraged Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Catalog**") and the Special Management Measures for the Access of Foreign Investment (Negative List) (2021) (《外商投資准入特別管理措施) (負面清單) (2021年版)》) (the "**Negative List**"), which were both promulgated by the Ministry of Commerce of the PRC (the "**MOFCOM**") and the National Development and Reform Commission (國家發展和改革委員會) (the "**NDRC**") and each became effective on 1 January 2023 and 1 January 2022. Industries that are not listed in the Negative list are generally open to foreign investment unless otherwise specifically restricted by other PRC rules and regulations. The Negative List has no restriction on our business in the PRC.

REGULATIONS AND POLICIES RELATING TO THE SLEWING BEARINGS INDUSTRY

The management of the bearing industry in the PRC adopts a combination of government macro-control and industry self-discipline. The production, operation and specific business management of enterprises are carried out in a market-oriented manner.

According to the Guidance Catalogue for Industrial Restructuring (2019) (《產業結構調整指導目錄》(2019)) which was promulgated on 30 October 2019 and amended on 30 December 2021 by the NDRC, the industry of slewing ring which forms under the machinery industry category has been classified as an "encouraged" industry.

According to the Standardisation Law of the PRC (2017 Revision) (《中華人民共和國標準化法》(2017年修訂)) promulgated by the SCNPC on 4 November 2017, national standards shall comprise mandatory standards and recommended standards; industry standards and local standards are recommended standards. Mandatory standards must be implemented. Recommended standards are encouraged to be adopted. National Machinery Industry Standards applicable to the products of our Group include: JB/T 2300–2011 Slewing Bearings (《迴轉支承》), JB/T 10471–2017 Rolling Bearings-Slewing Bearings (《滾動軸承轉盤軸承》), which are recommended standards.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Product quality supervision in the PRC is generally governed by the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**"), which was promulgated on 22 February 1993 and amended on 29 December 2018. Producers and sellers shall be liable for product quality in accordance with the Product Quality Law. A system of supervision and inspection of product quality is implemented, based mainly on a random inspection of products. Producers and sellers must not refuse product quality supervision and inspection that is carried out in accordance with the law. Under the Product Quality Law, consumers or other victims who suffer personal injury or property damage due to product defects may claim compensation from the producer as well as the seller. In case of violations of the Product Quality Law, the responsible authorities have the right to impose fines on the violators, order them to suspend operations and revoke their business licenses. In serious cases, even criminal liability may be incurred.

The Measurement Law of the PRC (《中華人民共和國計量法》) was promulgated by the SCNPC on 6 September 1985 and lastly amended on 26 October 2018. On 23 July 2010, the Standing Committee of the Guangdong Provincial People's Congress promulgated the Measures for the Implementation of the Measurement Law of the PRC in the Guangdong Province (《廣東省實施<中華人民共和國計量法>辦法》), which stipulated that when an enterprise or institution needs to assess the effectiveness of its metrological assurance system and the date provided, it may apply to the metrological administrative department of the province or city for confirmation of the metrological assurance system. We were awarded the Certificate for Measurement Assurance System (Level 3) by the Bureau of Quality Supervision of Dongguan City in July 2012.

LAWS AND REGULATIONS RELATING TO SAFE PRODUCTION

Work Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Work Safety Law**") was promulgated by the SCNPC on 29 June 2002, came into effect on 1 November 2002 and was revised on 31 August 2014 and 10 June 2021. According to the Work Safety Law, business entities shall meet the work safety conditions prescribed by relevant laws, administrative regulations, and national or industry standards, set aside and use work safety expenses exclusively for improving work safety conditions. Violations of the Work Safety Law may result in the imposition of fines and penalties, the suspension of operation, an order to cease operation, and/or criminal liability in severe cases. In addition, production and operation entities shall supply their employees with protective articles that meet national or industrial standards and instruct them to wear or use such articles as required.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on 12 May 1994 and amended on 6 April 2004, 7 November 2016 and the Measures for the Archival Filing and Registration of Foreign Trade Business Operators (《對外貿易經營者備案登記辦法》) which was promulgated by the MOFCOM on 25 June 2004 and amended on 18 August 2016 and 10 May 2021, foreign trade operators engaged in imports and exports of goods or technologies shall file records with the foreign trade department of the State Council or its authorised agency, unless otherwise stipulated by the laws, administrative regulations or the foreign trade department of the State Council. Foreign trade operators that have not filed for registration in accordance with the provisions will be declined by the customs to carry out customs clearance and inspection procedures for the import and export of goods.

On 30 December 2022, SCNPC amended the Foreign Trade Law of the PRC, in which the provisions about the requirement of the records filing towards the foreign trade operators no longer existed. However, the MOFCOM has not yet abolished the Measures for the Archival Filing and Registration of Foreign Trade Business Operators.

Principal regulations on the inspection of import and export commodities are set out in the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) promulgated by the SCNPC on 21 February 1989 and lastly amended on 29 April 2021 and its implementation rules. According to the aforesaid relevant laws and regulations, the import and export commodities that are subject to compulsory inspection listed in the catalogue compiled by the State administration shall be inspected by the commodity inspection authorities, and the consignor shall apply to the inspection and quarantine authorities for inspection in the places and within the time limit specified by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC. No permission shall be granted for the export of export commodities until they have been found to be up to standard through mandatory inspection by the inspection and quarantine authorities while the import and export commodities that are not subject to statutory inspection shall be subject to random inspection. Consignees and consignors themselves or their entrusted agents may apply for inspection from the commodity inspection authorities.

The Customs Laws of the PRC (the "**Customs Law**") (《中華人民共和國海關法》) was promulgated by the SCNPC on 22 January 1987 and lastly amended on 29 April 2021. Pursuant to the Customs Law, unless otherwise stipulated, the declaration of import and export goods and payment of duties on them may be completed by consignees and consignors themselves, and such formalities may also be completed by representatives entrusted by the consignees and consignors and approved by and registered with the customs. In addition, the consignor or consignee of the goods exported or imported and the customs broker must register themselves for declaration activities with the customs. Pursuant to the Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案登記管理規定》) promulgated by the General Administration of Customs on 19 November 2021, consignees and consignors of imports and exports and customs declaration enterprises which have filed records with the customs can handle the customs declaration business within the customs territory of the PRC, and the filing is valid permanently.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND FIRE PREVENTION

The major laws and regulations in the PRC concerning environmental protection include: the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Evaluation of Environmental Effects Law of the PRC (《中華人民共和國環境影響評價法》), the Prevention and Control of Water Pollution Law of the PRC (《中華人民共和國水污染防治法》), the Prevention and Control of Atmospheric Pollution Law of the PRC (《中華人民共和國大氣污染防治法》), the Prevention and Control of Noise Pollution Law of the PRC (《中華人民共和國噪聲污染防治法》), the Prevention and Control of Solid Waste Pollution Law of the PRC (《中華人民共和國固體廢物污染環境防治法》), and the Regulations on Environmental Protection Management for Construction Projects (《建設項目環境保護管理條例》), and the Promotion of Cleaner Production Law of the PRC (《中華人民共和國清潔生產促進法》).

According to the aforesaid laws and regulations, the PRC has established an environmental impact assessment system for project construction, and the construction, expansion and operation of product manufacturing facilities are subject to the advance approval and acceptance of the completed environmental protection facility from the competent PRC environmental authorities. For failure to obtain the advance approval and acceptance of the completed environmental protection facility, the enterprise may be ordered to cease the construction or operation of facilities, make repairs within the time limit or be fined by the competent PRC environmental authorities. The aforesaid laws and regulations also impose fees for the discharge of waste substances and impose fines and indemnity for the improper discharge of waste substances and serious environmental pollution. The PRC environmental authority may shut down any facility that fails to comply with the environmental protection laws and regulations at its discretion.

The Fire Services Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on 29 April 1998 and lastly amended on 29 April 2021 was formulated for the purposes of preventing fire disasters and reducing fire hazards, strengthening emergency rescue operations, protecting personal and property safety and safeguarding public security. Fire brigades of public security agencies shall carry out supervision and inspection of compliance with fire services laws and regulations by enterprises. The fire brigade of a public security agency shall notify the relevant organisations or individuals of hidden fire hazards discovered in fire services supervision and inspection to forthwith adopt measures to eliminate the hidden hazards; where public security may be seriously compromised if the hidden hazards are not promptly eliminated, the fire brigade of the public security agency shall adopt temporary seizure measures for the hazardous location or site pursuant to the provisions. Where a construction project which is required by law to carry out fire control acceptance inspection fails to undergo fire control acceptance inspection or fails to pass fire control acceptance inspection, the project shall be prohibited to be put into use; other construction projects which are found to be unqualified in a random inspection conducted pursuant to the law shall cease to be put into use.

LAWS AND REGULATIONS RELATING TO OUR LEASE AGREEMENT

According to the Regulations on the Lease of the Properties in Towns and Cities in the Guangdong Province (《廣東省城鎮房屋租賃條例》), the landlord should not lease any building without the relevant Property Ownership Certificate or management right. According to the Interpretation by the Supreme People's Court about the Specific Application of Law on Certain Issues in the Hearing of Contractual Dispute Cases on the Leasing of the Properties in Towns and Cities (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》), if a landlord enters into a lease with a tenant for a property which has not been issued with the construction planning permit (建設工程規劃許可證) or was not built in accordance with the provisions of the construction planning permit (建設工程規劃許可證), such a lease could be deemed invalid.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulation governing foreign exchange in the PRC is the Foreign Exchange Administration Rules of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on 29 January 1996 and subsequently amended on 14 January 1997 and on 5 August 2008. Under these rules, foreign exchange receipts and payments under current account items shall be based on true and legitimate transactions. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on

payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid documentation. Overseas organisations and overseas individuals making direct investments in the PRC shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Domestic organisations and domestic individuals making direct investments overseas or engaging in the issuance and trading of quoted securities or derivatives overseas shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council. Where the PRC state stipulates that prior approval by or filing with the relevant authorities in charge is required, the approval or filing formalities shall be processed prior to foreign exchange registration formalities.

On 4 July 2014, the State Administration of Foreign Exchange of the PRC (the "**SAFE**") promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular No. 37**"), for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. Under the SAFE Circular No. 37, a resident in mainland China must register with the local SAFE branch before he or she contributes assets or equity interests in an offshore special purpose vehicle, that is directly established or indirectly controlled by the domestic resident for the purpose of conducting investment or financing; and in the event of the change of basic information of the registered offshore special purpose vehicle such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendments of the material items, the domestic resident shall complete the change of foreign exchange registration formality for offshore investment. In addition, pursuant to the Notice of SAFE on Further Simplifying and Improving the Direct Investment related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**Notice No. 13**"), which was promulgated on 13 February 2015 and amended on 30 December 2019, the aforesaid registration shall be directly reviewed and handled by qualified banks in accordance with Notice No. 13, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

Under the relevant rules, failure to comply with the registration procedures set forth in the Circular No. 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, and the relevant PRC residents may also be subject to penalties under PRC foreign exchange administration regulations.

On 19 November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 59**"), which came into effect on 17 December 2012 and lastly amended on 30 December 2019. SAFE Circular 59 substantially amends and simplifies the current foreign exchange procedure. According to SAFE Circular 59, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment. Reinvestment of lawful incomes derived by foreign investors in the PRC (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment) no longer requires SAFE's approval or verification, and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer requires SAFE's approval.

LAWS AND REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal law regulating the dividend distribution by foreign-invested enterprises in the PRC is the Company Law of the PRC (《中華人民共和國公司法》). Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC enterprise is required to set aside at least 10% of its after-tax profit as general reserves until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment provide otherwise. A PRC enterprise shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for Avoidance of Double Taxation and the Prevention of Tax Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement**") concluded on 21 August 2006, if a Hong Kong resident enterprise is determined by the competent tax authority in mainland China to have satisfied the relevant conditions and requirement under the Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from the in-charge tax authority. The Notice on Issues relating to the Implementation of the Dividend Provision in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) (the "**Notice 81**") was promulgated on 20 February 2009 by the State Administration of Taxation of the PRC (the "**SAT**"). The Notice 81 reaffirms the qualification for dividend recipient to enjoy a preferential tax levy at the rate of 5% as follows: (i) the recipient of the dividend must be a corporation; (ii) the recipient's ownership in the Chinese company must meet the prescribed direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends; and (iii) the deal or arrangement is not mainly for the purpose of obtaining the preferential tax. Since the shareholders of our PRC subsidiaries are established in Hong Kong and hold 100% shares of our PRC subsidiaries, the shareholders of our PRC subsidiaries could enjoy preferential tax levy at the rate of 5% after obtaining the approval from the tax authorities.

LAWS AND REGULATIONS ON TAXATION

Enterprise income tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC on 16 March 2007, and came into effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, and the Regulations for the Implementation of the Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) (collectively, the "**EIT Law**"), which was promulgated by the State Council on 6 December 2007 and amended on 23 April 2019, enterprises are classified into resident enterprises and non-resident enterprises. A resident enterprise shall pay enterprise income tax on its income derived from both inside and outside mainland China at the rate of 25%. A non-resident enterprise that does not have an establishment or place of business in mainland China or has an establishment or place of business in mainland China but the income has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income derived from inside the PRC at the reduced rate of 10%.

According to the EIT Law, the EIT tax rate of a high and new technology enterprise is 15%. Pursuant to the Administrative Measures for the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》), which came into effect on 1 January 2008 and amended on 29 January 2016, the certificate of a high and new technology enterprise is valid for three years. If the high-tech enterprise is qualified upon review by the accreditation institution, it continues to enjoy the qualification as a high-tech enterprise, and in case of change in its name, a new accreditation certificate will be issued with the number and term of validity remaining the same as the previous certificate; otherwise, the qualification as a high-tech enterprise shall be cancelled as of the year of change in the name or any other condition.

Pursuant to the EIT Law, transactions in respect of the sale and purchase and transfer of products between enterprises under direct or indirect control by the same third party are regarded as affiliated party transactions and should comply with the arm's length principle. If the failure to comply with such principle reduces the amount of income or taxable income of the enterprise or its affiliated parties, the tax authority has the power to make the necessary adjustment by reasonable methods. Pursuant to the EIT Law, when submitting its annual enterprise income tax return to the tax authority, an enterprise shall attach an annual report on affiliated transactions (if any) between itself and its affiliated parties.

Value-added tax

The Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) were promulgated by the State Council on 13 December 1993 and came into force on 1 January 1994 which were subsequently amended on 10 November 2008, 6 February 2016 and 19 November 2017, The Implementation Rules of the Interim Regulations on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》) were promulgated by the Ministry of Finance of the PRC (the "**MOF**") and came into effect on 25 December 1993, and was amended on 15 December 2008 and 28 October 2011 (collectively, the "**VAT Law**"). The VAT Law sets out that all enterprises or individuals engaging in the sales of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value-added tax. For the sales of goods, services or importation of goods by the taxpayer, the rate of value-added tax is 17%; for the sales of services and intangible assets by the taxpayer, the rate of value-added tax is 6%. The rate of value-added tax is 0% for taxpayer engaging in the exportation of goods unless otherwise stipulated by the State Council. Pursuant to the Circular on Adjusting Value-added Tax Rates (《關於調整增值税税率的通知》), which was promulgated by the MOF and the SAT on 4 April 2018 and came into effect on 1 May 2018, where a VAT taxpayer engages in taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 17% tax rate shall be adjusted to 16%. The Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) promulgated by the MOF, the SAT and the General Administration of Customs, which was issued on 20 March 2019 and implemented on 1 April 2019, further adjusted the 16% tax rate to 13%.

Income Tax on Share Transfer of Non-resident Enterprise

Pursuant to the Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises (《國家税務總局關於非居民企業間接轉讓財產企業所得税若干問題的公告》) promulgated by the SAT, effective from 3 February 2015 and lastly amended on 29 December 2017, where a non-resident enterprise indirectly transfers properties such as equity in Chinese resident enterprises without any

reasonable commercial purposes with the aim of avoiding to pay enterprise income tax, such an indirect transfer shall be reclassified as a direct transfer of equity in Chinese resident enterprise in accordance with Article 47 of the EIT. Indirect transfer of PRC taxable properties shall mean transactions of non-resident enterprises which are carried out through the transfer of equity of enterprises aboard that directly or indirectly hold PRC taxable properties (not including the Chinese resident enterprises registered aboard, hereinafter referred to as "**enterprises aboard**") and other similar equities (hereinafter referred to as "**equity**") and cause same or similar results as the direct transfer of PRC taxable properties, including the circumstance of the restructuring of non-resident enterprises causing change of shareholders of enterprises aboard. Non-resident enterprises that indirectly transfer PRC taxable properties are referred to as equity transferors.

Transfer pricing

Transfer pricing laws and regulations in the PRC

In light of the EIT Law and the Implementation Regulations for Special Tax Adjustments (Trial) (特別納稅調整實施辦法(試行)) (the "**STA Rules**"), transactions in respect of the purchase, sale and transfer of products between, amongst others, enterprises under direct or indirect control by the same third party are defined as related party transactions.

According to the EIT Law and STA Rules, related party transactions should comply with the arm's length principle and if the related party transactions fail to comply with arm's length principle resulting in the reduction of the enterprise's taxable income, the tax authority has the power to make an adjustment on tax based on set procedures.

Pursuant to the Announcement of the State Administration of Taxation on Relevant Matters relating to Improvement of the Filing of Related-Party Transactions and the Management of Contemporaneous Documentation (國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告) which was promulgated by the SAT and came into effect on 29 June 2016, any resident enterprise subject to audit collection and any non-resident enterprise which has establishments or offices in the PRC and honestly reports and pays enterprise income tax shall, in filing a tax return for the annual enterprise income tax with a tax authority, make related filings with regard to its business transactions with any related party and attach thereto the Annual Report on the Related Party Transactions of Enterprises of the People's Republic of China (2016 version). Enterprises shall prepare contemporaneous documentation based on a tax year and submit contemporaneous documentation for the related-party transactions according to the requirements of the tax authorities.

The SAT has published an announcement on issuing the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Consultation Procedures (特別納稅調查調整及相互協商程序管理辦法) (the "**STA Measures**") which came into effect on 1 May 2017 and was amended on 15 June 2018. According to the STA Measures, the tax authorities exercise special tax adjustment monitoring and management of enterprises via review of the reporting of connected transactions, management of contemporaneous documentation, profit level monitoring and other means. When any enterprise is found to have special tax adjustment risks, they will send a Notice of Tax Matters to the enterprise, suggesting the existence of a tax risk. An enterprise may adjust and pay taxes at its own discretion when it receives a special tax adjustment risk warning or identify its own special tax adjustment risks. The tax authorities may also carry out special tax investigations and adjustments in accordance with the relevant provisions in regard to enterprises that adjust and pay taxes at their own discretion.

Transfer pricing laws and regulations in Hong Kong

As we carry on our business though our factory situated in the PRC under Kyoei Seiki and Best Linking in Hong Kong, the provisions relating to transfer pricing for intra-group transactions in the Inland Revenue Ordinance (Chapter 112 of the laws of Hong Kong) (the "**IRO**") are applicable to us. The IRO contains provisions which require the adoption of the arm's length principle for pricing in related party transactions.

Section 20A of the IRO gives the Inland Revenue Department of Hong Kong (the "**IRD**") wide powers to collect tax due from non-residents. The IRD may also make transfer pricing adjustments by disallowing expenses incurred by the Hong Kong resident under sections 16(1), 17(1)(b) and 17(1)(c) of the IRO and challenging the entire arrangement under general anti-avoidance provisions, such as sections 61 and 61A of the IRO.

Under section 60 of the IRO, where it appears to an assessor that for any year of assessment any person chargeable with tax has not been assessed or has been assessed at less than the proper amount, the assessor may, within the year of assessment or within six years after the expiration thereof, assess such person at the amount or additional amount which, according to his judgment, such person ought to have been assessed, and, provided that where the non-assessment or under-assessment of any person for any year of assessment is due to fraud or wilful evasion, such assessment or additional assessment may be made at any time within 10 years after the expiration of that year of assessment.

In December 2009, the IRD released Departmental Interpretation and Practice Notes ("**DIPN**") No. 46 which provided clarifications and guidance on the IRD's views on transfer pricing and how it intended to apply the existing provisions of the IRO to establish whether related parties are transacting at arm's length prices. Generally, the IRD would seek to apply the principles in the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations issued by Organisation for Economic Cooperation and Development, except where they are incompatible with the express provisions of the IRO. In July 2018, the Inland Revenue (Amendment) No. 6 Ordinance 2018 (the "**Amendment Bill**") was enacted to introduce a legislative framework to codify how the pricing for the supply of goods and services between associated parties should be determined and implemented. Codified international transfer pricing principles include, amongst others, the arm's length principle for provision between associated persons, the separate enterprises principle for attributing income or loss of non-Hong Kong resident person, and the three-tier transfer pricing documentation requirements relating to master file, local file and country-by-country report.

Based on the Amendment Bill, a person who would 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. 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 amount of the person's income or loss as stated in the person's tax return is an 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 pursuant to section 50AAF of the IRO. In July 2019, the Inland Revenue Department further issued the DIPN No. 58, No. 59 and No. 60 to set out interpretations to the Amendment Bill.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

The Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated on 23 August 1982 and last amended on 23 April 2019 as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted by the State Council on 3 August 2002 and amended on 29 April 2014. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office under the State Administration for Industry and Commerce handles trademark registrations and grants a term of validity of ten years to registered trademarks. Trademarks are renewable every ten years and a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. Where a trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such a trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

The Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC, and its Implementation Rules (《中華人民共和國專利法實施細則》) promulgated by the State Council, the State Intellectual Property Office of the PRC is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its Implementation Rules provide for three types of patents, "invention", "utility model" and "design". Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, from the date of application. The PRC patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

LAWS AND REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

The Labour Contract Law in the PRC

The Labour Law of the PRC (《中華人民共和國勞動法》) which came into effect on 1 January 1995 and amended on 27 August 2009 and 29 December 2018 stipulates general provisions with regard to labour contracts, working hours, wages, occupational safety and health, special protection for female staff and juvenile workers, vocational training, social insurance and welfare, and settlement of labour disputes. Enterprises failing to comply with the Labour Law of the PRC may be subject to warnings, fines, orders to pay compensation, and cancellation of business licenses.

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) which was promulgated on 29 June 2007 and amended on 28 December 2012 and the Implementation Regulations on the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) which was promulgated and implemented on 18 September 2008 by the State Council, provide that a written labour contract shall be concluded for the establishment of a labour relationship. Labour contracts concluded pursuant to the law shall be legally binding and the employers and the workers shall perform the obligations stipulated in the labour contracts. When recruiting a worker, the employer shall truthfully notify the worker of the job duties, working conditions, work premises, occupational hazards, work safety and health conditions, labour remuneration and any other information in which the worker is interested to know. Employers shall promptly pay labour remuneration to workers in a full amount pursuant to the stipulations of the labour contract and the provisions of the PRC state.

Social Insurance and Housing Fund in the PRC

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on 1 July 2011 and amended on 29 December 2018, employers are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance in accordance with the rates provided under the relevant regulations and shall withhold the social insurance that should be assumed by the employees. Employers who fail to promptly contribute social security premiums in full shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the amount in arrears.

Under the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), promulgated by the State Council on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, employers must register with applicable housing provident fund management centers and establish a special housing provident fund account in an entrusted bank. Both employers and their employees are required to contribute to the housing funds. The subsequent late registration or no registration may be subject to a fine above RMB10,000 and below RMB50,000. Where, in violation of the provisions of these regulations, an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit have not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Mandatory Provident Fund Schemes Ordinance in Hong Kong

The Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) provides for, *inter alia*, the establishment of a system of privately managed, employment-related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement. Both employers and their employees are mandated to contribute 5% of the employee's relevant income to the mandatory provident fund scheme subject to the minimum and maximum relevant income levels. Currently, the minimum and maximum relevant income levels for employees who are paid monthly are HK$7,100 and HK$30,000 respectively.

Further, employers are obliged to enroll their regular employees (except for certain exempt persons) aged 18 to 65 years old to a mandatory provident fund scheme within the first 60 days of his or her employment. Employers must enroll the employee in a mandatory provident fund scheme and make contributions for the first 60 days once a part-time employee has been employed for 60 days.

An employer must ensure that contributions in respect of each employee for each contribution period are paid to a registered MPF scheme on or before the contribution day, which is the 10th day of the following month. A non-complying employer is liable to a financial penalty of HK$5,000 or 10% of the amount due, whichever is greater.

Employees' Compensation Ordinance in Hong Kong

The Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**ECO**") establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or deaths caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

All employers are required to take out employee compensation insurance policies to cover their liabilities both under the ECO and at common law for injuries at work in respect of all employees (including full-time and part-time employees) for an amount not less than the applicable amount specified under the ECO pursuant to section 40 of the ECO.

An employer who fails to comply with the ECO to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK$100,000) and to imprisonment for two years, and on summary conviction to a fine at level 6 (currently at HK$100,000) and to imprisonment for one year.

REGULATIONS RELATING TO INFORMATION SECURITY AND PERSONAL INFORMATION PROTECTION

The PRC Civil Code (《中華人民共和國民法典》), which was issued by the NPC on 28 May 2020 and came into effect on 1 January 2021 provides that natural person personal information shall be protected by law and any organisations and individuals shall legally collect personal information and ensure the security of personal information collected. It is not allowed to illegally collect, use, process or transfer the personal information, or illegally buy or sell, provide, or make public the personal information of others. Personal information of natural persons refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify the natural person' names, dates of birth, ID numbers, biometric information, addresses, telephone numbers, e-mail addresses, health information, whereabouts, etc. The processing of personal information shall be subject to the principle of legitimacy, rightfulness, and necessity, with no excessive processing. The PRC Civil Code has revised the internet tort liability and further elaborated on "safe harbour" rule with respect to an internet service provider from both the aspects of notice and counter notice, including (i) upon receiving notice from the right holder, promptly adopting necessary protective measures such as deletion, screening or disconnection of hyperlinks and reefing right holder's notice to disputed internet user; and (ii) upon receiving counter-notice from the disputed internet user, referring such counter-notice to the claiming right holder and informing him/her to take other corresponding measures such as filing complaint with competent authorities or suit with courts.

On 7 November 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which came into effect on 1 June 2017. Pursuant to the Cyber Security Law of the PRC, network operators shall comply with laws and regulations and fulfil their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities and maintain the integrity, confidentiality and usability of network data. Network operators shall not collect the personal information irrelevant to the services they provide or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and network operators of key information infrastructure shall store all the personal information and important data collected and produced within the territory of PRC. Their purchases of network products and services that may affect national security shall be subject to national cyber security review. The network operators who violate the aforesaid regulations may be ordered by the competent authority to make corrections, be given a warning, or be imposed a fine with different amounts.

The PRC Data Security Law (《中華人民共和國數據安全法》) was promulgated on 10 June 2021 and became effective on 1 September 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organisations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information. Violation of the PRC Data Security Law may subject the

relevant entities or individuals to warning, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even criminal liabilities. According to the PRC Data Security Law, the maximum monetary fine imposed on the breaching party is RMB10 million.

On 28 December 2021, the Cyberspace Administration of China and certain other PRC regulatory authorities published the Measures for Cybersecurity Review (《網絡安全審查辦法》), which became effective on 15 February 2022, replacing the Measures for Cybersecurity Review in 2020. Pursuant to the new measures, critical information infrastructure operators that purchase network products and services and network platform operators engaging in data processing activities that affect or may affect national security must be subject to the cybersecurity review. A network platform operator that has the personal information of more than one million users must apply for a cybersecurity review when it seeks to list in a foreign country. The Measures for Cybersecurity Review further elaborates the factors to be considered when assessing the national security risks of the relevant activities, including, among others: (i) the risk of core data, important data, or a large amount of personal information being stolen, leaked, destroyed, and illegally used or exited the country, and (ii) the risk of critical information infrastructure, core data, important data, or a large amount of personal information being affected, controlled, or maliciously used by foreign governments after listing abroad.

On 14 November 2021, the Cyberspace Administration of China issued the Administration Governing the Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Cyber Data Security Regulations**"). The Draft Cyber Data Security Regulations have set out requirements on matters such as the protection of personal information, security of important data, security management of cross-border data transfer, application for cybersecurity review and obligations of internet platform operators. Pursuant to the Draft Cyber Data Security Regulations, data processors carrying out the following activities must, in accordance with the relevant national regulations, apply for a cybersecurity review: (i) the merger, reorganisation or spin-off of internet platform operators that possess a large number of data resources related to national security, economic development and public interests that affects or may affect national security; (ii) listing in a foreign country of any data processors that process the personal information of more than one million users; (iii) listing in Hong Kong of data processors, which affects or may affect national security; and (iv) other data processing activities that affect or may affect national security. The Draft Cyber Data Security Regulations did not define the scope of and threshold for determining what "affects or may affect national security." The term "national security" is defined as "the status of National regime, sovereignty, unity and territorial integrity, people's well-being, sustainable economic and social development, and other major national interests that are relatively safe and free from internal and external threats, as well as the ability to ensure continuous security" in the National Security Law of the PRC (2015) (《中華人民共和國國家安全法》(2015)). In the absence of further explanation or interpretation, the PRC government authorities may have wide discretion in the interpretation of "affects or may affect national security". As of the Latest Practicable Date, the Draft Cyber Data Security Regulations has not come into effect.

REGULATIONS RELATING TO MERGERS AND ACQUISITIONS RULES AND OVERSEAS LISTING

On 8 August 2006, six PRC governmental and regulatory agencies, including the MOFCOM and CSRC, promulgated the Mergers & Acquisitions Rules (the "**M&A Rules**"), which came into effect on 8 September 2006, and was revised on 22 June 2009, governing the mergers and acquisitions of domestic enterprises by foreign investors. The M&A Rules, among other things, require that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals through acquisitions of shares of or equity interests in PRC domestic companies, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

In addition, in 2011, the General Office of the State Council promulgated the Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》) (the "**Circular 6**"), which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, MOFCOM promulgated the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》), which took into effect in September 2011, to implement Circular 6. Under Circular 6, security review is required for mergers and acquisitions by foreign investors having "national defence and security" concerns and mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises with "national security" concerns. Under the foregoing MOFCOM regulations, MOFCOM will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If MOFCOM decides that a specific merger or acquisition is subject to a security review, it will submit to the Inter-Ministerial Panel, an authority established under Circular 6 led by the NDRC, and MOFCOM under the leadership of the State Council, to carry out security review. The Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. There is no explicit provision or official interpretation stating that the merging or acquisition of a company mainly engaged in the design, development, manufacturing, marketing, and sales of electric two-wheeled vehicles requires security review, and there is no requirement that acquisitions completed prior to the promulgation of the Security Review Circular are subject to MOFCOM review. On 19 December 2020, the NDRC and MOFCOM jointly promulgated the Measures for the Security Review for Foreign Investment (《外商投資安全審查辦法》), which came into effect on 18 January 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment will lead the task together with MOFCOM. Foreign investor or relevant parties in China must declare the security review to the aforesaid office prior to the investments in, among other industries, important cultural products and services, important information technology and internet products and services, important financial services, key technologies, and other important fields relating to national security and obtain control in the target enterprise.

On 6 July 2021, the relevant PRC governments promulgated the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), among which it is mentioned that the administration and supervision of overseas-listed China-based companies will be strengthened, and the special provisions of the State Council on overseas issuance and listing of shares by such companies will be revised, clarifying the responsibilities of relevant domestic industry regulatory authorities and other regulatory authorities.

On 17 February 2023, with the approval of the State Council, CSRC issued the Trial Administrative Measures of Overseas Security Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and five supporting guidelines, which will come into effect on 31 March 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfil the filing procedure and report relevant information to CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in mainland China or its main places of business are located in mainland China, or the senior managers in charge of operation and management of the issuer are mostly citizens from mainland China or are domiciled in mainland China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted. For domestic enterprises that have been listed overseas, Upon the occurrence of any of the material events specified below after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within 3 working days after the occurrence and public disclosure of the event: (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment; (4) voluntary or mandatory delisting. Where an issuer's main business undergoes material changes after overseas offering and listing, and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within 3 working days after occurrence of the changes.

On the same day, CSRC also released the Notice on Administrative for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which clarifies that from the date of the implementation of the Trial Measures, domestic enterprises falling within the scope of filing, which have already been listed in an overseas issue or meet the following circumstances, are "Existing Enterprises": (1) the application for indirect overseas issuance and listing has been approved by the overseas regulators or overseas stock exchanges (e.g. the Hong Kong market has passed the hearing, the US market has agreed to the effective registration, etc.) before the date of implementation of the Trial Measures; (2) and they are not subject to new regulatory procedures of the overseas regulators or overseas stock exchanges for issuance and listing (e.g. the Hong

Kong market has re-hearing, etc.); (3) and the overseas issuance and listing is completed before 30 September 2023. "Existing Enterprises" are not required to file immediately and should file as required if subsequent filing matters such as refinancing are involved.

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