PRC LAWS AND REGULATIONS

Our major businesses are manufacture and sales of aluminum alloy automobile wheels. The applicable Chinese laws, regulations, administrative rules, regulatory documents, and other industry policies and relevant provisions that have significant impacts on our Group's operations and businesses in PRC are set out below.

1. Industry Macro-policies

The *Opinions on Promoting the Sustainable and Healthy Development of China's Automobile Product Export (《關於促進我國汽車產品出口持續健康發展的意見》)* jointly issued by the MOFCOM, NDRC, MIIT, MOF, General Administration of Customs ("**GAC**") and the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China ("**GAQSIQ**") on October 23, 2009 points out that the export of automobiles and auto parts shall reach USD85 billion by 2015, with an average annual growth of about 20%; the strategic target of increasing the export amount of China's automobiles and auto parts to 10% of the world's total automobile product trade shall be achieved by 2020; the low and middle-end finished vehicle markets in traditional developing countries shall be further consolidated, aftermarkets of auto parts in developing countries and the middle and high-end markets in developing countries shall be developed, the low and middle-end finished vehicle markets in developed countries shall be entered in a steady way; international enterprises and groups of Chinese origin which have strong scientific and technological innovation capabilities and independent core technologies in automobiles and auto parts shall be cultivated.

On September 3, 2014, ten departments including the Ministry of Transport of the People's Republic of China, NDRC, the Ministry of Education of the People's Republic of China, and the Ministry of Public Security of the People's Republic of China jointly issued the *Directive Opinions on Promoting the Transform and Upgrade of Automobile Repair Industry as well as the Improvement of Service Quality (《關於促進汽車維修業轉型升級、提升服務質量的指導意見》)*, pointing out that an information disclosure system for automobile repair technologies shall be established and implemented to guarantee the equal right enjoyed by all enterprises in automobile repair to obtain the information of automobile repair technologies from automobile manufacturing enterprises, promote fair competition in the automobile repair market, and improve the quality of automobile repair; the monopoly of channels for spare parts shall be eliminated to promote the opening of supply channels of and multi-channel circulation of auto spare parts; the monopoly of channels for spare parts shall be broken on the principle of equal rights, equal opportunities, and equal rules for market participants and original parts manufacturers shall be encouraged to provide original parts and independent after-sales parts with independent trademarks to the automobile aftermarket; authorized parts distributors and repair enterprises shall be allowed to resell original parts to unauthorized counterparts or end users to promote the establishment of a socialized and high-quality distribution network for repair parts.

On October 22, 2012, the State Council issued the *Regulations on the Administration of Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例》)* (effective on January 1, 2013, revised on March 2, 2019, with the latest revision effective on March 2, 2019). On November 27, 2015, the GAQSIQ issued the *Measures for Implementation of Regulations on the Administration of Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例實施辦法》)* (effective on January 1, 2016), which stipulates that manufacturers shall recall all defective auto products according to this Regulation. If not, the product quality supervision administration under the State Council shall order manufacturers to recall defective products according to this Regulation. Operators and manufacturers of auto parts shall inform the GAQSIQ of the known

defectives their auto products may have, and the GAQSIQ shall publicize the names of these manufacturers. Manufactures of auto parts having defective auto products shall cooperate with defect investigation and provide relevant information needed for investigation.

2. Production Safety Regulation

The *Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》)* issued by the Standing Committee of the NPC on June 29, 2002 (effective on November 1, 2002, revised on August 27, 2009 and August 31, 2014, with the latest revision effective on December 1, 2014) stipulates that manufacturing and managing entities shall be equipped with conditions satisfying the laws and regulations governing work safety, formulate relevant rules, improve production safety conditions and ensure the safety of the production process. Enterprises not satisfying production safety regulations shall never be engaged in manufacturing or other business activities. Furthermore, enterprises shall carry out education on employees about production safety. For manufacturing and managing entities employing over 100 people, a management organization for production safety shall be set to enhance the safety of manufacturing facilities, or special management personnel shall be appointed to do so. Any enterprise not complying with relevant regulations on work safety may be fined, or be ordered to stop production. In case of a criminal offense, the enterprise shall be held criminally liable.

3. Product Liability Regulation

The *Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》)* issued by the Standing Committee of the National People's Congress ("**SCNPC**") on February 22, 1993 (effective on September 1, 1993 and revised on July 8, 2000, August 27, 2009 and December 29, 2018) stipulates that manufacturers shall bear legal responsibility for the quality of their products which shall meet the following requirements: (1) products shall be free from any irrational dangers threatening the safety of people and property. If there are national standards or trade standards for ensuring the health of the human body and safety of lives and property, the products shall conform to such standards; (2) products shall have the property they should possess, except cases in which there are explanations on the defects of the property of the products; (3) products shall tally with the standards prescribed or specified on themselves or the packages and with the quality specified in the instructions for use or shown in the samples provided. Manufacturers shall be responsible for the damage compensation due to product defects. Any manufacturer that violates the *Product Quality Law of the People's Republic of China* may be fined and ordered to stop producing the products illegally produced and the illegal proceeds may be confiscated. If the circumstances are serious, the business license shall be revoked. In case of a criminal offense, the manufacturer may be held criminally liable. Moreover, China has established and implemented the systems for certifying quality control system of enterprises and for certifying product quality. Enterprises may apply voluntarily for certification of their quality control system to the product quality supervision and control administration under the State Council or quality certification organizations authorized by the above administration.

The *Tort Law of the People's Republic of China (《中華人民共和國侵權責任法》)* (effective on July 1, 2010) issued by SCNPC on December 26, 2009 stipulates that manufacturers must be responsible for compensation of damage caused by product defects. Where a seller cannot identify the manufacturer of a defective product or the supplier thereof, the seller shall assume the tort liability. Where any harm is caused by a defective product to other persons' life or property safety, the victim may require compensation to be made by

the manufacturer or the seller of the product. If the defect of the product is caused by the manufacturer and the seller has made the compensation for the defect, the seller shall be entitled to be reimbursed by the manufacturer. Where the defect is caused by the fault of a third-party such as the carrier or warehouser, the manufacturer or seller of the product that has paid the compensation shall be entitled to be reimbursed by the third-party. Where any defect is found after the product is put into market, the manufacturer or seller shall take such remedial measures as warning and recall in a timely manner. The manufacturer or seller who fails to take remedial measures in a timely manner or fails to take sufficient and effective measures and has caused any harm shall assume the tort liability. Where a manufacturer or seller knowing any defect of a product continues to manufacture or sell the product and the defect causes a death or any serious damage to the health of another person, the victim shall be entitled to require the corresponding punitive compensation from the manufacturer or seller.

The *Law of the People's Republic of China on Protecting Consumers' Rights and Interests (《中華人民共和國消費者權益保護法》)* (effective on January 1, 1994, revised on August 27, 2009 and October 25, 2013, with the latest revision effective on March 15, 2014) issued by SCNPC on October 31, 1993 stipulates that in buying or using commodities or receiving services to meet living needs, consumers shall have the right to have their person and property safety protected. When legal rights and interests are infringed when buying or using commodities or receiving services, consumers can claim compensation from the seller and/or manufacturer of relevant commodities or services. Consumers or other victims can claim compensation from sellers or manufacturers in case of personal or property damage due to commodity defects. Where the responsibility lies with the manufacturer, the seller, after settling the compensation, is entitled to recover from the manufacturer. Where the responsibility lies with the seller, the manufacturer, after settling the compensation, is entitled to recover from the seller. If enterprises violate the *Law of the PRC on Protecting the Rights and Interests of Consumers* or other relevant laws or regulations, they may be fined, ordered to stop manufacturing, and have their licenses revoked. Business operators who infringe the legal rights and interests of consumers by providing commodities or services violating the *Law of the PRC on Protecting the Rights and Interests of Consumers* shall be held criminally liable according to law if their action constitutes a crime.

4. Environmental Protection Regulation

According to the *Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)* issued by SCNPC on December 26, 1989 and revised on April 24, 2014 (with the latest revision effective on January 1, 2015), the *Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)* issued by SCNPC on May 11, 1984 (effective on November 1, 1984, revised on May 15, 1996, February 28, 2008, June 27, 2017, with the latest revision effective on January 1, 2018), the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)* issued by SCNPC on September 5, 1987 (effective on June 1, 1988, revised on August 29, 1995, April 29, 2000, August 29, 2015, and October 26, 2018, with the latest revision effective on October 26, 2018), the *Law of the People's Republic of China on Prevention and Control of Noise Pollution (《中華人民共和國環境噪聲污染防治法》)* issued by SCNPC on October 29, 1996 (effective on March 1, 1997, revised on December 29, 2018, with the latest revision effective on December 29, 2018) and the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法》)* issued by SCNPC on October 30, 1995 (effective on April 1, 1996, revised on December 29, 2004, June 29, 2013, April 24, 2015, November 7, 2016 and April 29, 2020, with the latest revision effective on September 1, 2020), enterprises discharging pollutants such as waste gas, waste water,

solid waste and noise shall take effective measure to control and even avoid pollution and other harms caused by relevant pollutants, and shall pay pollutant discharging fee according to the requirements of relevant laws and regulations. Enterprises subject to the management of pollutant discharging license shall never discharge pollutants if not obtaining such license nor exceed the pollutant discharging amount specified by pollutant discharging standards, and shall only discharge pollutants predetermined by their pollutant emission licenses. Environmental protection facilities shall be designed, constructed and put into service at the same time as that of the main operating unit. For enterprises failing to comply with relevant environmental protection regulations, competent authorities may warn or impose a fine on such enterprises and even order them to stop production. In case of a criminal offense, the person in charge of the enterprise may be held criminally liable.

According to the *Law of the People's Republic of China on the Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》)* issued by SCNPC on June 28, 2003 and effective on October 1, 2003, entities that produce radioactive waste gas or waste liquid, when discharging radioactive waste gas or waste liquid that meets the national standards for the prevention and control of radioactive pollution, shall apply to the competent administration of environmental protection responsible for examining and approving environmental impact assessment documents for the amount of radioactive nuclides release, and regularly report the discharging amount. Entities discharging radioactive waste liquid must comply with the requirements of national standards for the prevention and control of radioactive pollution, dispose of or store the radioactive waste liquid not allowed to be discharged into the environment. Entities that produce radioactive waste liquid, when discharging radioactive waste liquid that meets the national standards for the prevention and control of radioactive pollution, shall adopt the discharging methods specified by the competent environmental protection administration under the State Council.

According to the *Regulations on the Safety Management of Radioactive Wastes (《放射性廢物安全管理條例》)* issued by the State Council on November 20, 2011 and effective on March 1, 2012, the processing, storage and disposal of radioactive wastes shall comply with the national standards for the prevention and control of radioactive pollution and the regulations formulated by competent environmental protection administration under the State Council. Entities that produce radioactive wastes shall process the radioactive liquid that cannot be purified and discharged and turn such liquid into radioactive solid wastes; shall timely send the used radioactive sources and other radioactive solid wastes they produced to radioactive solid waste storage entities with corresponding permits for centralized storage; or shall directly send to radioactive solid waste storage entities with corresponding permits for disposal.

According to the *Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》)* issued and effective on November 29, 1998 and revised on July 16, 2017 (with the latest revision effective on October 1, 2017), the *Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》)* issued on October 28, 2002, effective on September 1, 2003, and revised on July 2, 2016 and December 29, 2018 (with the latest revision effective on December 29, 2018), the *Measures for the Administration of Filing Environmental Impact Registration Form of Construction Projects (Decree No. 41 of the Ministry of Environmental Protection) (《建設項目環境影響登記表備案管理辦法》)* issued on November 16, 2016 and effective on January 1, 2017, and the *Measures for the Administration of Environmental Protection Acceptance after Completion of Construction Projects (《建設項目竣工環境保護驗收管理辦法》)* issued on December 27, 2001 and revised on December 22, 2010 (revised according to the *Decisions on the Abolition and Modification of Certain Regulations and Regulatory Documents about Environmental Protection (《關於廢止、修改部分環保部門規章和規範性文件的決定》)* issued and effective

on December 22, 2010), China has implemented a system to assess the environmental impact of construction projects. According to the impact caused by construction projects on the environment, construction entities shall prepare an environment impact report or an environment impact report form or an environmental impact registration form to describe the impact caused by their construction projects. The report and report form shall be approved by competent administration of environmental protection before commencement while the registration form will be managed through filing. Furthermore, according to the rules and procedures formulated by the competent administration department of environmental protection under the State Council, construction entities must check and accept their completed supporting environmental protection facilities upon the completion of construction projects for which an environment impact report or an environment impact report form has been prepared, and prepare an acceptance report. Relevant environmental protection facilities shall be put into service with the major projects at the same time.

According to the *Measures for Supervision and Management of Environmental Protection during and after Project Construction (Trial) (《建設項目環境保護事中事後監督管理辦法（試行）》)* issued and effective on December 10, 2015 by the Ministry of Ecological Environment, construction entities shall fully disclose the environmental protection-related information, including but not limited to environmental impact assessment documents. During the process of project construction, construction entities that fail to comply with the requirements of the approved environmental impact assessment documents and official replies and cause ecological damage shall be held legally liable. The competent administration of environmental protection will order construction entities that fail to disclose or fail to truthfully disclose environmental information of construction projects to disclose such information, fine them and make announcements about it.

5. Import and Export Trade Regulation

According to the *Customs Law of the People's Republic of China (《中華人民共和國海關法》)* issued by SCNPC on January 22, 1987, effective on January 22, 1987, and revised on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, and November 4, 2017 (with the latest revision effective on November 5, 2017) respectively, and the *Provisions on the Administration of Registration of Customs Declaration Entities (《海關報關單位註冊登記管理規定》)* issued by the GAC on March 13, 2014 and revised on December 20, 2017 and May 29, 2018 (with the latest revision effective on July 1, 2018) respectively, unless otherwise specified, the consignees and consignors of import and export commodities can go through the corresponding customs declaration procedures themselves or entrust the declaring enterprises authorized by competent customs for registration to do so. The consignees and consignors of import and export commodities as well as the declaring enterprises shall register with competent customs according to law. The owners of outbound and inbound items can go through the corresponding customs and tax declaration procedures themselves or entrust others to do so.

According to the *Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》)* issued by SCNPC on May 12, 1994, effective on July 1, 1994, and revised on April 6, 2004 and November 7, 2016 (with the latest revision effective on November 7, 2016) respectively, foreign trade operators engaged in import and export of commodities or technologies shall make registration with the competent administration of foreign trade under the State Council or authority entrusted by it, except for those exempted from registration by laws, administrative rules and rules of the competent administration of foreign trade under the State Council. The detailed rules on the registration shall be stipulated by the department in charge of foreign trade under the State Council. Customs shall not handle the declaration and clearance procedure for commodities imported or exported by a foreign trade operator who fails to go through the registration in accordance with the rules.

According to the *Law of the People's Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》)* issued by SCNPC on February 21, 1989, and revised on April 28, 2002, June 29, 2013, April 27, 2018, and December 29, 2018 (with the latest revision effective on December 29, 2018) respectively, and the *Regulation for the Implementation of the Law of the People's Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》)* issued by the State Import and Export Commodities Inspection Bureau of the PRC on October 23, 1992, and then revised on August 31, 2005, July 18, 2013, February 6, 2016, March 1, 2017, and March 2, 2019 respectively and reissued by the State Council (with the latest revision effective on March 2, 2019), import and export commodities which are listed in the catalog are subject to inspection by the corresponding commodity inspection authorities. Commodities that have not been inspected are not allowed to be sold or used while those failing to pass inspection are prohibited from exporting. Consignees or their agents whose import commodities shall be inspected by the export and import commodity inspection authority shall send their commodities for inspection to the above authority of the place where declaration is carried out. Customs shall inspect and declare such commodities according to the commodity clearance certificate issued by the above authority. Consignors or their agents whose export commodities shall be inspected by the export and import commodity inspection authority shall send their commodities for inspection to the above authority at the place and within the time period specified by such authority. The export and import commodity inspection authority shall complete the inspection within the time period uniformly formulated by the State Import and Export Commodities Inspection Bureau and issue the inspection certificate to which customs can refer for inspection and clearance. Entities violating the above regulations will have their illegal proceeds confiscated and themselves fined by the export and import commodity inspection authority. In case of criminal offense, they will be held legally liable.

6. Foreign Exchange Regulation

According to the *Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》)*, issued on January 29, 1996, revised on January 29, 1996, January 14, 1997, August 5, 2008 respectively, and effective on August 5, 2008, and other legal provisions formulated by the State Foreign Exchange Administration of the People's Republic of China and other relevant governmental departments, Renminbi can be exchanged into other currencies for current account transactions (such as trade-related receipts and payment as well as interest and dividend payment). For capital account transactions (such as direct equity investment, loan and divestment), exchanging Renminbi into other currencies and remitting the foreign currencies exchanged out of China shall be approved in advance by SAFE or its branches. Transactions made within the territory of China shall be paid in Renminbi. Domestic shareholders of domestic companies listed overseas who intend to increase or decrease their shares of such overseas listed companies according to relevant regulations shall register with the SAFE office in the place of domicile of such domestic shareholder for overseas holdings with 20 working days before they do so.

According to the *Notice on the Administration of Foreign Exchange for Overseas Investment and Financing as well as Return Investment of Domestic Individuals via Special Purpose Company 《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 "**Notice No. 37**") issued and implemented by SAFE on July 4, 2014, domestic individuals shall apply to SAFE to go through registration procedures for foreign exchange of overseas investment before they make investment with their domestic or overseas legal assets or equities to special purpose companies. According to the Notice No. 37, "domestic entities" refer to enterprises, institutions and other economic organizations founded within the territory of China according to the laws; "domestic individuals" refer to Chinese citizens holding Chinese residential IDs, military

IDs and armed police IDs as well as foreigners who have no legal Chinese IDs but normally live in China due to economic interests.

According to the *Notice on Further Simplifying and Improving Foreign Exchange Management Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》)* issued by SAFE on February 13, 2015 and effective on June 1, 2015, the two administrative approval events, namely foreign exchange registration and check under domestic and overseas direct investments shall be directly examined and handled by banks, and SAFE and its branches will indirectly supervise the foreign exchange registration of direct investment via banks.

According to the *Notice of the State Administration of Foreign Exchange on Reforming the Management of Foreign Exchange Capital Settlement of Foreign-funded Enterprises* (*《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》*) issued and implemented by SAFE on March 30, 2015 and June 1, 2015 respectively and revised on December 30, 2019 as well as the *Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Management Policies for Settlement of Capital Account Transactions (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》)* issued and implemented by SAFE on June 9, 2016, the foreign exchange earnings from foreign exchange capital account transactions of enterprises allowing foreign investment is subject to voluntary settlement; foreign exchange capitals which received monetary contribution equity confirmation from SAFE (or went through monetary contribution entry registration via banks) and belonged to the capital accounts of foreign-funded enterprises can be settled at banks as per the actual management needs of such enterprises. The proportion of voluntary settlement of capital account transactions of foreign exchange capitals in foreign-funded enterprises is temporarily set as 100%, which is subject to timely adjustment made by SAFE as per international balance of payment. In addition, foreign-funded enterprises are not allowed to apply foreign exchange earnings under capital account transactions and the Renminbi funds settled thereby for the following purposes: (1) paying directly or indirectly the expenses beyond their business scope or those prohibited by national regulations and rules; (2) directly or indirectly used for securities investment or other investment and wealth management products except for principal-guaranteed products launched by banks (unless otherwise expressly specified); (3) granting loans to non-affiliated companies (except explicitly approved within business scope); and (4) building or purchasing real estate not for their own use (except for real estate enterprises).

7. Foreign Investment Regulation

The *Company Law of the People's Republic of China (《中華人民共和國公司法》)* issued by SCNPC on December 29, 1993 and revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 (with the latest revision effective on October 26, 2018) respectively regulates the organization and activities of companies in China. The *Company Law of the People's Republic of China* regulates and manages two types of companies set up within China, namely limited liability company and joint stock limited company. Both companies are legal persons, with the shareholders of the former being responsible for the company to the extent of the capital contributions they have paid while those of the latter being responsible for the company to the extent of the share they have subscribed for. The *Company Law of the People's Republic of China* is also applicable to foreign-funded enterprises within China.

According to the *Provisions on Guiding Foreign Investment Direction (《指導外商投資方向規定》)* issued by the State Council on February 11, 2002 and effective on April 1, 2002, all foreign investment projects are

classified into four types, namely encouraged, permitted, restricted and prohibited. Those belonging to the encouraged, restricted and prohibited types are listed into the guidance catalog for foreign-funded industries. Those not belonging to the three categories mentioned above are the permitted type, except for the projects expressly prohibited or restricted by other free trade zone agreements or relevant investment agreements between China and other countries or regions.

The *Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》)* issued by SCNPC on March 15, 2019 and implemented on January 1, 2020 stipulates that for the promotion, protection and management of foreign investment, consultation and services in terms of laws and regulations, policies and measures, investment project information will be provided to foreign investors and foreign-funded enterprises, and foreign investors will be encouraged and guided to invest in certain sectors, fields and regions. Foreign investors and foreign-funded enterprises can enjoy preferential treatment specified by laws, administrative regulations or the State Council. The State implements a negative list management system for foreign investment.

According to the *Special Management Measures (Negative List) for Foreign Investment Access (2020) (《外商投資准入特別管理措施（負面清單）（2020年版）》)* issued by NDRC and MOFCOM on June 23, 2020, foreign investors cannot invest in fields where foreign investment is prohibited as per the *Negative List for Foreign Investment Access*. For non-prohibited investment fields within the *Negative List for Foreign Investment Access*, foreign investment access permit is required. For fields with equity requirements, foreign investment partnership enterprises shall not be set up.

8. Tax Regulation

(1) Enterprise Income Tax

According to the *Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》)*, issued on March 16, 2007, revised and reissued on December 29, 2018, and the *Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》)*, issued on December 6, 2007 and revised on April 23, 2019), the enterprise income tax rate of 25% is uniformly applied to domestic and foreign-funded enterprises. The resident enterprises shall pay enterprise income tax for the income derived from inside and outside the PRC. A non-resident enterprise that has an institution or establishment within the territory of China shall pay enterprise income tax on its income derived from sources within the territory of China and income derived from the sources outside the territory of China that have actual connections with the relevant institution or establishment. A non-resident enterprise which has no institution or establishment within the territory of China, or which, despite the institution or establishment within the territory of China, has no actual connection between its income and the relevant institution or establishment, shall pay enterprise income tax on its income derived from sources within the territory of China.

(2) Value-added Tax (VAT)

According to the *Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》)* issued by the State Council on December 13, 1993, effective on January 1, 1994, and revised on November 5, 2008, February 6, 2016 and November 19, 2017, and the *Detailed Rules for the*

Implementation of the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例實施細則》) issued by MOF and SAT on December 18, 2008, effective on January 1, 2009, and revised on October 28, 2011 (with the latest revision effective on November 1, 2011), value-added tax shall be levied on entities and persons that engage in sales of goods, processing, repair and maintenance services, and sales of services, intangible assets, immovable property and import goods within the territory of China.

According to the *Notice on the Issuance of Pilot Scheme for the Conversion of Business Tax to VAT (《營業稅改徵增值稅試點方案》的通知)* issued by MOF and SAT and effective on November 16, 2011, and the *Notice on Comprehensively Implementing the Pilot Program for Changing Business Tax to VAT (《關於全面推開營業稅改徵增值稅試點的通知》)* issued by MOF and SAT on March 23, 2016 and effective on May 1, 2016, a pilot operation of converting business tax to VAT was carried out in the pilot zone on January 1, 2012.

According to the *Circular on Adjusting Value-added Tax Rate (《關於調整增值稅稅率的通知》)* issued by MOF and SAT on April 4, 2018 and implemented on May 1, 2018, the tax rate for the taxable sales or import of goods by the tax payer would be changed from 17% and 11% to 16% and 10% respectively. For the export goods that were subject to the tax rate of 17% and the export tax rebate rate of 17%, the export tax rebate rate would be adjusted to 16%. For the export goods and cross-border taxable activities that were subject to the tax rate of 11% and the export tax rebate rate of 11%, the export tax rebate rate would be adjusted to 10%.

In accordance with the provisions of the *Notice on Deepening Relevant Policies for VAT Reform (《關於深化增值稅改革有關政策的公告》)* issued by MOF, SAT and GAC on March 30, 2019 and implemented on April 1, 2019, if the general VAT taxpayer has a VAT taxable sale or import of goods, the tax rate shall be adjusted to 13% where the original tax rate is 16%, and adjusted to 9% where the original tax rate is 10%. For the export goods and services that were subject to the tax rate of 16% and the export tax rebate rate of 16%, the export tax rebate rate would be adjusted to 13%. For the export goods and cross-border taxable activities that were subject to the tax rate of 10% and the export tax rebate rate of 10%, the export tax rebate rate would be adjusted to 9%.

(3) VAT Rebate on Exports

According to the *Administrative Measures on Tax Rebate (Exemption) for Export Goods (Trial)* (*《出口貨物退（免）稅管理辦法（試行）》*) issued by SAT on March 16, 2005 and effective on May 1, 2005, revised on June 15, 2018, except as otherwise provided, the goods exported by an export agent may enjoy VAT rebate or exemption approved by the competent tax authorities after declaration for export and financial accounting of sales.

(4) Environmental Tariff

In accordance with the *Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法》)* issued by SCNPC on December 25, 2016, implemented on January 1, 2018 and revised on October 26, 2018, and the *Regulations on the Implementation of the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法實施條例》)* issued by the State Council on December 25, 2017 and implemented on January 1, 2018, enterprises, institutions and other producers and business operators that directly discharge taxable pollutants into the environment within the territory of the

People's Republic of China and in other sea areas under the jurisdiction of the People's Republic of China are taxpayers of environmental tariff and shall pay environmental tariff in accordance with the law.

(5) Dividend Tax

In accordance with the *Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》)* and the *Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》)*, except as otherwise provided in the relevant tax convention with the central government of China, the dividend paid to the foreign investor of a non-resident enterprise which has no establishment or premise in China or whose income is actually unrelated to the establishment or premise in China shall be subject to a withholding income tax of 10%. According to the *Arrangement between Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得税避免雙重徵税和防止偷漏税的安排》)* signed by the PRC government and Hong Kong, if the beneficial owner is a company that directly owns at least 25% of the capital of the dividend-paying company, the tax shall not exceed 5% of the total dividend. In any other cases, the tax shall not exceed 10% of the total dividend.

According to the *Notice on Issues relating to "Beneficial Owners" in Tax Conventions (《關於税收協定中"受益所有人"有關問題的公告》)* issued by SAT on February 3, 2018 and effective on April 1, 2018, "beneficial owner" means a person who has title to and control over the income or the rights or property on which the income is derived. When determining the status of "beneficial owner" of a resident of the contracting party who shall enjoy the preferential treatment of a tax convention (the "**Applicant**"), a comprehensive analysis shall be made in light of the actual situation of the specific case. Generally speaking, the following factors are not conducive to the determination the status of the Applicant's "beneficial owner": (i) the Applicant has the obligation to pay more than 50% of the income to the residents of a third country (region) within 12 months after receipt of the income. "Obligation" includes a contractual obligation and the situation in which the fact of payment is formed even though the obligation is not agreed. (ii) The business activities undertaken by the Applicant do not constitute substantial business activities. Substantial business activities include substantial manufacturing, distribution, management and other activities. Whether the business activities the Applicant is engaged in is substantial or not, it should be judged according to its actual performance and the risk it bears. The substantial investment and holding management activities undertaken by the Applicant may constitute substantial business activities. Where the Applicant engages in investment and holding management activities that do not constitute substantial business activities and engages in other business activities at the same time, if other business activities are not significant enough, they shall not constitute substantial business activities. (iii) The other contracting state (region) does not tax the relevant income or grants tax exemption on the relevant income or applies an extremely low tax rate on the relevant income. (iv) In addition to the loan contract on which the interest is generated and paid, there are other loan or deposit contracts similar in amount, interest rate and signing time between the creditor and the third-party. (v) In addition to the contract for the assignment of the right to the use of copyright, patent, technology, etc. on which the royalties are generated and paid, there is a contract for the assignment of the right to the use or ownership of copyright, patent, technology, etc. between the Applicant and a third-party.

According to the *Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (《國家税務總局關於執行税收協定股息條款有關*

問題的通知》) issued by SAT and effective on February 20, 2009, the preferential tax rate of the tax convention shall be subject to the following conditions: (i) the tax resident receiving the dividend shall be limited to the company under the tax convention; (ii) of the total owner's equity and voting shares of the Chinese resident company, the proportion directly owned by the tax resident conforms to the proportion stipulated in the tax convention; and (iii) the proportion of the capital of the Chinese resident company directly owned by the tax resident shall at all times meet the proportion stipulated in the tax agreement within 12 months prior to the receipt of the dividend.

Pursuant to the *Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》)* issued by SAT on October 14, 2019 and effective on January 1, 2020, for the tax convention treatment for non-resident taxpayers, it shall be processed based on the principle of "self-judgment, application for entitlement and retention of documents for future reference". Any non-resident taxpayer who, in its own judgment, deems itself eligible for the treatment prescribed in the tax convention, may exercise the right of convention treatment when filing a tax return or making a withholding declaration through a withholding agent, provided that it shall collect and retain the relevant documents according to the provisions of the Measures for future reference and be subject to the subsequent administration by the tax authorities.

9. Regulation against Unfair Competition

According to the *Law of the People's Republic of China Against Unfair Competition (《中華人民共和國反不正當競爭法》)* issued by SCNPC on September 2, 1993, effective on December 1, 1993, revised on November 4, 2017 and April 23, 2019 (with the latest revision effective on April 23, 2019) respectively, a business operator shall, in its market transactions, follow the principles of voluntariness, equality, fairness, honesty and credibility and comply with relevant laws and business ethics. Besides, a business operator shall not engage in market transactions by improper means such as implementing confusing behaviors which lead people to mistake its commodities for those of others or for having certain associations with others, obtaining transaction opportunities or competition advantages by offering money or goods or other bribery means, deceiving or misleading consumers via false or misleading commercial promotions, infringing trade secrets, fabricating or spreading false or misleading information, or impairing the business reputation and goodwill of competitors, nor shall it harm the legal rights and interests of other operators and disturb social economic order. Business operators who violate such law and cause damage to others shall bear civil liabilities according to law. Besides, fines may also be imposed. If circumstances are serious, their business licenses will be revoked. In case of criminal offense, they shall be held criminally liable according to law.

10. Labor and Social Security Regulation

According to the *Labor Law of the People's Republic of China (《中華人民共和國勞動法》)*, issued on July 5, 1994, revised and reissued on December 29, 2018, companies must conclude employment contracts with their employees based on the principle of equity after reaching consensus through consultation. Companies must establish and improve occupational health systems, strictly implement national occupational safety and health rules and standards, and educate employees on occupational safety and health to prevent accidents during the labor process and reduce occupational hazards. Furthermore, employers and employees shall participate in social insurance and pay social insurance premiums according to law.

(1) Employment Contract

The *Labor Contract law of the People's Republic of China ("**Labor Contract Law**", 《中華人民共和國勞動合同法》)*, issued on June 29, 2007, revised on December 28, 2012, and reissued on July 1, 2013, is the law regulating the labor contract relationship between companies and employees. According to the Labor Contract Law, employers have established an employment relationship with employees since the date of employment. Employers shall conclude written employment contracts with their employees. In addition, the calculation of probation period and damage compensation is subject to provisions of laws in order to guarantee the legal rights and interests of employees.

(2) Social Insurance and Housing Provident Fund

Employers and individuals within the territory of China shall legally participate in the payment of the premium of social insurance and housing provident fund according to the *Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》)*, issued and effective on December 29, 2018, the *Regulations on Work-related Injury Insurances (《工傷保險條例》)*, issued on April 27, 2003, revised on December 20, 2010, and reissued on January 1, 2011, the *Trial Measures for Maternity Insurance of Enterprise Employees (《企業職工生育保險試行辦法》)*, issued and effective on December 14, 1994 and implemented on January 1, 1995, and the *Regulations on Management of Housing Provident Fund (《住房公積金管理條例》)*, revised and reissued on March 24, 2019.

(3) Prevention and Control of Occupational Diseases

According to the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)* issued by SCNPC on October 27, 2001, and revised on December 31, 2011, July 2, 2016, December 29, 2018 (with the latest revision effective on December 29, 2018), where a new construction, expansion, or reconstruction project or a technical improvement and technology introduction project may cause any occupational disease hazards, the construction entity shall (1) assess in advance the occupational disease hazards at the feasibility study stage; (2) evaluate the effects of occupational disease hazard control before the acceptance check of the construction project; and (3) legally organize acceptance check to the protective facilities against occupational diseases. The protective facilities against occupational diseases may be put into use in regular production and other operations only after passing the acceptance check. Besides, employers shall (1) establish and improve a responsibility system for the prevention and control of occupational diseases, strengthen the management of the prevention and control of occupational diseases, improve their capabilities of the prevention and control of occupational diseases, and assume responsibilities for their own occupational disease hazards; (2) participate in work-related injury insurance according to law; (3) adopt effective protective facilities against occupational diseases and provide employees with occupational disease protection items satisfying the requirements for the prevention and control of occupational diseases for personal use; (4) install alarms and provide on-site rescue items, washing equipment, emergency evacuation exits, and necessary hazard buffer zones for toxic or harmful work sites where acute occupational injuries my occur; and (5) truthfully inform their employees of the occupational disease hazards which may arise in the work process, the consequences thereof, the protective measures against occupational diseases, remuneration, and other matters and include the same in the employment contracts, and shall not conceal such information or defraud their employees when signing employment contracts.

11. Intellectual Property Regulation

(1) Trademark

According to the *Trademark Law of the People's Republic of China (《中華人民共和國商標法》)*, issued on August 23, 1982, last revised on April 23, 2019 and reissued on November 1, 2019, and the *Regulations for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》)*, effective on September 15, 2002, revised on April 29, 2014 and effective on May 1, 2014, the right to exclusive use of a registered trademark shall be limited to the trademark that has been approved for registration and the commodities that have been approved for use. The period of validity of a registered trademark shall be ten years, starting from the date of approval of the registration. It's an infringement of the right to exclusive use of a registered trademark to use a trademark that is identical with or similar to the registered trademark in respect of the same or similar goods without the authorization of the proprietor of the registered trademark. Infringer shall stop the infringing act, take corrective measures and compensate for the damage caused according to relevant regulations.

(2) Patent

According to the *Patent Law of the People's Republic of China (《中華人民共和國專利法》)*, issued on March 12, 1984, last revised on December 27, 2008, and reissued on October 1, 2009, and the *Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》)*, effective on July 1, 2001, revised on January 9, 2010 and effective on February 1, 2010, after the grant of the patent right for an invention or utility model, except as otherwise provided for in the law, no entity or individual may, without the authorization of the patentee, exploit the patent, that is, make, use, offer to sell, sell or import the patented product; or use the patented process or use, offer to sell, sell or import the product directly obtained via the patented process, for production or business purposes. After the grant of the patent right for a design, no entity or individual may, without the authorization of the patentee, exploit the design, that is, make, offer to sell, sell or import the product incorporating its or his patented design, for production or business purposes. If an infringement act is found to be true, the infringed can ask the infringer to stop his/her infringing act, take corrective measures and compensate the damage caused according to the relevant regulations.

12. Cybersecurity and Data Security Regulation

On December 28, 2021, the Cyberspace Administration of China ("**CAC**") and other twelve PRC regulatory authorities jointly revised and promulgated the *Cybersecurity Review Measures* ("**Cybersecurity Review Measures**", *《網絡安全審查辦法》*) which has come into effect on February 15, 2022. The *Measures for Cybersecurity Review* (*《網絡安全審查辦法》*) which took effect on June 1, 2020 was abolished at the same time. According to the Cybersecurity Review Measures, (i) the purchase of cyber products and services by Critical Information Infrastructure Operators ("**CIIO**"), and the data processing activities by a network platform operator ("**NPO**"), to the extent that affects or may affect national security, will be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) a NPO who handles personal information of more than 1 million individual users shall apply for a cybersecurity review before listing of the operator's securities in a foreign country (國外上市); and (iii) the relevant governmental authorities may initiate a cybersecurity review if such governmental authorities believe that a network product or service or data processing activity affect or may affect national security.

According to the *Regulations on the Security Protection of the Critical Information Infrastructure* (*《關鍵信息基礎設施安全保護條例》*), competent authorities as well as the supervision and administrative authorities of the specific important industries and sectors are responsible for the security protection of CIIOs ("**Protection Departments**"). The Protection Departments shall formulate the recognition rules for the critical information infrastructure, and shall, according to such recognition rules, be responsible for organizing the recognition of the critical information infrastructure in the industry or field concerned, and informing the relevant operators of the recognition results in a timely manner and notifying the public security department under the State Council of the same.

On November 14, 2021, the CAC published a discussion draft of the *Regulations on the Administration of Cyber Data Security (Draft for Comments)* (*《網絡數據安全管理條例(徵求意見稿)》*) ("**Draft Cyber Data Security Regulations**"), which regulates the specific requirements in respect of the data processing activities conducted by data processors through internet in the view of personal data protection, important data safety, data cross-broader safety management and obligations of internet platform operators. The Draft Cyber Data Security Regulations require that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or division of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) overseas listings of data processors processing over one million persons' personal information; (iii) listings in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. There have been no clarifications from the authorities as of the Latest Practicable Date as to the standards for determining such activities that "affects or may affect national security". If the data processing activities of a Hong Kong listed company or a company that is in the process of applying for listing in Hong Kong are deemed as "affects or may affect national security" and such company has failed to conduct cybersecurity review according to the relevant laws and regulations, such company will be requested to take rectification actions, subject to disciplinary warning, and/or imposed an administrative penalty ranging from RMB50,000 to RMB500,000 for a single violation incident. Furthermore, if such violation causes material impact or such company refuses to rectify the violation, such company may be subject to more severe penalties, such as revocation of relevant business licenses and permits.

Since the Draft Cyber Data Security Regulations have not been adopted yet, the final content of the Draft Cyber Data Security Regulations (especially its operative provisions) and its anticipated adoption or effective date are subject to further changes with substantial uncertainty. As advised by our PRC Legal Advisors, we believe that we would be able to comply with the Cybersecurity Review Measures and the Draft Cyber Data Security Regulations (if implemented in its current form) in all material aspects. After consulting our PRC Legal Advisors, our Directors are of the view that the Cybersecurity Review Measures and the Draft Cyber Data Security Regulations (if implemented in its current form) would not have any material adverse impact on our business operations or the proposed Listing in Hong Kong.

13. Overseas Listing Regulation

On December 24, 2021, the CSRC published the *Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments)* (*《國務院關於境內企業境外發行證券和上市的管理規定(草稿徵求意見稿)》*) ("**Draft Administrative Provisions**") and the *Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments)* (*《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》*) ("**Draft Measures for Filing**", together with the Draft Administrative

Provisions, "**Drafts relating to Overseas Listings**"), which are open for public comments until January 23, 2022. The Drafts relating to Overseas Listings require, among others, that PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted. Moreover, according to Article 7 of the Draft Administrative Provisions, an overseas offering and listing is prohibited under circumstances if (i) it is prohibited by PRC laws, (ii) it may constitute a threat to or endanger national security as reviewed and determined by competent PRC authorities, (iii) it has material ownership disputes over equity, major assets, and core technology, (iv) in recent three years, the Chinese operating entities and their controlling shareholders and actual controllers have committed relevant prescribed criminal offenses or are currently under investigations for suspicion of criminal offenses or major violations, (v) in recent three years, the directors, supervisors, or senior executives have been subject to administrative punishment for severe violations, or are currently under investigations for suspicion of criminal offenses or major violations, or (vi) it has other circumstances as prescribed by the State Council. As of the Latest Practicable Date, the Drafts relating to Overseas Listings have not yet come into force.

In addition, according to the *"Reply to the Reporters' Question by the CSRC Responsible Officers''* (*證監會有關負責人答記者問*) dated December 24, 2021, the CSRC clarified that it adheres to the principle of non-retroactivity of the law, and the CSRC would start with the incremental enterprises (增量企業), i.e., impose filing procedures on incremental enterprises as well as stock enterprises (存量企業) with refinancing requests, while filing by other stock enterprises will be arranged separately so as to give them a sufficient transitional period. However, the CSRC Responsible Officers did not provide a clear definition of these terms. Therefore, whether our Company, for the purpose of this Listing, is an ''incremental enterprise (增量企業)'' or a ''stock enterprise (存量企業)'' is subject to further explanation by the CSRC. We cannot guarantee that we will be categorized as a ''stock enterprise (存量企業)'' by the CSRC.

As of the Latest Practicable Date, the final version and the effective date of the Drafts relating to Overseas Listings were still subject to change with substantial uncertainty. Assuming the Drafts relating to Overseas Listings subsequently come into effect in accordance with the current draft version, we may be required to complete the filing procedures with the CSRC in connection with the overseas listings.

As advised by our PRC Legal Advisors, we do not fall within any of the circumstances clearly described and specified in Article 7 of the Draft Administrative Provisions in which overseas issuance and listing are prohibited and have complied with other requirements under the Draft Administrative Provisions. Further, we have satisfied the requirements in relation to filing under the Draft Measures for Filing and other relevant regulations. Going forward, we will continue to pay close attention to the legislative and regulatory developments in respect of overseas listing of domestic enterprises, comply with the specific regulatory requirements and perform the filing procedures or information reporting procedures in accordance with the requirements of the overseas listing regulations where applicable to us, with the assistance of our onshore and offshore counsel teams. If the Drafts relating to Overseas Listings come into effect, as long as we comply with all relevant legal requirements, take all necessary steps and submit all relevant materials in accordance with the New Overseas Listing Regulations, our Directors and PRC Legal Advisors are of the view that there is no any material legal impediment in completing the filing procedure with the CSRC.

OVERSEAS LAWS AND REGULATIONS

During the Track Record Period, we generated the majority of our revenue from the overseas markets. Revenue from sales to the overseas market accounted for 74.8%, 72.6%, 66.2% and 60.2% of the total revenue for the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, respectively. Our products sold in these jurisdictions are subject to certain laws and regulations in the respective jurisdiction in relation to tariffs, anti-dumping duties, and product liabilities. Below is a summary of the relevant tariffs, anti-dumping duties, and product liabilities laws and regulations of the United States, Japan, Lithuania and the UAE that we consider material to our business.

U.S. laws and regulations

Product liabilities and safety

There are no uniform federal laws or regulations on product liability in the United States. Each state provides for its own laws and regulations on product liability. Although differences do exist, the vast majority of states have adopted similar laws that share common principles. Parties involved in manufacturing, distributing or selling a product may be subject to liability for harm caused by a defect in that product. Product liability claims may be based on negligence, strict liability or breach of warranty. Companies that manufacture, distribute or sell a product in a particular state would fall under the jurisdiction of such state's product liability laws, whether or not the company's jurisdiction of incorporation or principal place of business is in that state, in another U.S. state or in a non-US jurisdiction. During the Track Record Period, our largest customer in the United States by revenue operated in New Jersey. In New Jersey, the major law relating to product liabilities and safety is the New Jersey Product Liability Act ("**NJPLA**"). The NJPLA provides the sole basis for relief available to consumers in New Jersey who are injured by a defective product. According to the NJPLA, a manufacturer or seller of a product shall be liable in a product liability action only if the claimant proves by preponderance of the evidence that the product causing the harm was not reasonably fit, suitable or safe for its intended purpose because it: (i) deviated from the design specification, formula, or performance standards of the manufacturer or from otherwise identical units manufactured to the same manufacturing specifications or formulae, or (ii) failed to contain adequate warnings or instructions or (iii) was designed in a defective manner.

Regarding the laws regulating the safety of wheels, the laws and regulations are at the federal level in the United States. Two main regulations are the Federal Motor Vehicle Safety Standards and Regulations ("**FMVSS**") No. 110 (tire selection/trims for passenger cars weighing less than 10,000 pounds) and the FMVSS No. 120 (tire selection/trims for passenger care weighing more than 10,000 pounds). These two rules set up the proper size tire/wheel combination for passenger cars sold in the United States to prevent tire overloading.

To the best knowledge of our Directors, no legal claim has been made against us in the United States arising from product defects during the Track Record Period.

Import tariffs regulations

Our shipments of products to the United States are subject to custom inspection and compliance with relevant laws, regulations, and rules administered by U.S. Customs and Border Protection ("**CBP**"), which is part of the U.S. Department of Homeland Security. The CBP is a federal law enforcement agency that is

responsible for enforcing U.S. trade and customs regulations, including those applicable to the importation of our products into the United States. An importer of goods to the U.S. is responsible to exercise reasonable care to confirm that all information declared to the CBP is complete and accurate. As our products sold to the United States are delivered on an FOB basis, we do not need to fulfill the import formalities borne by the importer.

Our products imported for sale in the United States are subject to tariff duties as provided in the Harmonized Tariff Schedule ("**HTS**"), which is annexed to the Tariff Act of 1930 ("**Tariff Act**"). According to the HTS, all goods imported into the United States are subject to duty or duty-free entry in accordance with their classification under the applicable items in the HTS. Our Group's products, aluminum alloy automobile wheels, falls under Chapter 87, heading "vehicles other than railway or tramway rolling stock, and parts and accessories thereof" of the HTS. There are a number of provisions of the United States trade law which allow or result in modification of these duties. They include provision of general application and China-specific provisions. Since May 10, 2019, the United States government raised the tariff to 25% on certain products imported from the PRC, which includes our Group's aluminum alloy automobile wheels. For details of the impact on our business, financial condition and results of operation, please refer to the paragraph headed "Risk Factors – Our products are subject to additional tariff imposed by the United States government since May 2019" in this prospectus.

Anti-dumping laws

Similar to import duties and quotas, the anti-dumping laws of the United States are promulgated at the federal level. Currently, the anti-dumping provisions are provided in the Tariff Act and the 1988 Trade Act. The U.S. Department of Commerce and the U.S. International Trade Commission ("**ITC**") jointly administers the United States anti-dumping laws. In general, if the ITC determines that a dumping practice has caused damages to a U.S. manufacturer, it will subject the imported products to a dumping duty. Currently, the United States do not have any duty imposed on aluminum wheels imported from the PRC.

Lithuania laws and regulations

Product liabilities and safety

The principles and rules of civil liability are governed by the Civil Code of the Republic of Lithuania ("**Civil Code**"). Under the Civil Code, the obligation to compensate for damage caused by defective products remains with the producer of the products. The "producer" means the manufacturer of the final product, a component part of a product, or of raw materials or another person who identifies itself as a producer by marking the product in its name, trademark or any other distinguishing mark. If the damage was caused by the actions of several parties (e.g. the producer of a defective product and a party who incorporated the defective product into another product), all such parties are jointly and severally liable. A product shall be deemed defective for the purposes of product liability if it does not the meet the safety requirements that the consumer can reasonably expect.

Requirements on product safety are set forth in the Law of the Republic of Lithuania on Product Safety (the "**Law on Product Safety**"). The main principle and obligation is that all products placed on the market must be safe. According to Law on Product Safety, the competent authorities are entitled to: (i) temporarily ban the placing on the market or display of the product; (ii) ban the marketing of the unsafe product and introduce

accompanying measures. Fines ranging from EUR150-25,000 might be imposed to business operators for product safety infringements. Pursuant to the Law on Product Safety, a "business operator" includes manufacturers, authorized representatives, importers, distributors who place the products intended for both consumer and professional use in the EU and Lithuania market. If the manufacturer is not established in the EU, the importer of the product will be considered as the manufacturer.

To the best knowledge of our Directors, no legal claim has been made in Lithuania against us arising from product defects during the Track Record Period.

Import tariffs regulations

Lithuania is a part of the European Union Customs Union and is therefore subject to the customs legislations of the EU. Our products imported for sale in Lithuania may be subject to import duties as provided pursuant to the Council Regulation (EEC) No. 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff ("**CCT**"). Our Group's products, aluminum alloy automobile wheels, appears to fall under the category "wheels of aluminum, parts and accessories of wheels, of aluminum" which carries a 4.5% import duty.

Anti-dumping regulations

The anti-dumping provisions in Lithuania are regulated by EU laws. The European Commission is responsible for investigating dumping claims and imposing corresponding anti-dumping measures. Pursuant to the Commission Implementing Regulation (EU) 2017/109, the EU has imposed a definitive anti-dumping duty on imports of certain aluminum road wheels originating from the PRC. The said anti-dumping duty applies to wheels under the category of "wheels of aluminum, parts and accessories of wheels, of aluminum" which appears to include our Group's products imported for sale in Lithuania. The rate of the definitive anti-dumping duty on the aluminum road wheels is 22.3%. The date of expiry of the anti-dumping measure is January 24, 2022.

Japan laws and regulations

Product liabilities and safety

Pursuant to the Product Liability Act in Japan, manufacturers and importers shall be liable for damages arising from the infringement of life, body or property of others which is caused by the defect in the delivered product which was manufactured or imported. The term "defect" means a lack of safety that the product ordinarily should provide, taking into account the nature of the product, the ordinarily foreseeable manner of use of the product, the time when the manufactures and importers delivered the product, and other circumstances concerning the product.

To the best knowledge of our Directors, no legal claim has been made against us in Japan arising from product defects during the Track Record Period.

Product certification and quality requirements

Pursuant to Article 9 of the Security Standards for Road Transport Vehicles, all driving devices for automobiles must comply with the standards specified in the notice with regards to strength etc. as it is possible

to be strong to ensure safe operation. There are technical standards for disc wheels made of light alloy for use in road cars which provides for testing devices, testing methods, acceptance criteria, shape dimensions and representations to ensure the wheels conform to the technical standards. The tests provided for in the technical standards must be carried out by manufacturers at their responsibility. Our Group obtained the certification of accreditation issued by Japan Light Alloy Automobile Wheel Testing Council on quality testing equipment in 2016, which, as confirmed by our Directors, allow us to conduct series of tests to ensure our products conform to the technical standards.

UAE laws and regulations

Product liabilities and safety

Product liability and consumer protection in the UAE is provided under the UAE Federal Law No. 24 of 2006 on Consumer Protection, as amended by Federal Law Number 7 of 2011 ("**Consumer Protection Law**"). Pursuant to the Consumer Protection Law, a supplier is required, among other obligations, to return or exchange the goods in the event of any defect discovered by the consumer and be liable for any damage resultant from the usage or consumption of goods. Moreover, a provider who provides a defective or damaged product shall be "liable to make good the harm" pursuant to Article 282 of Federal Law Number 8 of 1985 on Civil Transactions. Generally, a product is considered to be a "defect" if there is any fault in the designing, processing, or manufacturing of the product or it does not conform to the specifications declared by the provider. Under Articles 10 to 15 of Regulation No. 12 of 2007, a "provider" is defined in a broad sense and includes the manufacturer of the product.

To the best knowledge of our Directors, no legal claim has been made in the UAE against us arising from product defects during the Track Record Period.

Import tariffs regulations

The UAE is a member of the Gulf Cooperation Council ("**GCC**") Customs Union and is subject to the import tariff regulations established by the GCC. All foreign imported goods outside the GCC Customs Union are subject to customs tariff rates in accordance with its HS code as listed in the Unified GCC Customs Tariff 2017. Our Group's products appear to fall under the category of "road wheels and parts and accessories thereof" and "wheel rims and spokes", both of which carries a 5% tariff rate.

SANCTIONS LAWS AND REGULATIONS

Hogan Lovells, our International Sanctions Legal Advisors, have provided the following summary of the sanctions regimes imposed by their respective jurisdictions. This summary does not intend to set out the laws and regulations relating to the U.S., the European Union, the United Nations and Australian sanctions in their entirety.

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a

U.S. nexus (e.g., funds transfers in U.S. currency or activities involving U.S.-origin goods, software, technology or services even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as U.S. companies and their U.S. subsidiaries); any U.S. company's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries and any other entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their locations in the world; individuals, regardless of their nationalities, physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine/Russia and the self-proclaimed Luhansk People's Republic and self-proclaimed Donetsk People's Republic regions (comprehensive OFAC sanctions against Sudan were terminated on October 12, 2017). OFAC also prohibits U.S. persons from dealing with or facilitating dealings with individuals, entities and organizations identified in the SDN List or the FSE List, and prohibits certain business dealing with persons and entities identified in the SSI List (collectively hereinafter referred to as "Identified Parties"). Entities that an Identified Party owns (defined as a direct or indirect ownership interest of 50% or more, individually or in aggregate by one or more Identified Parties), are also subject to the same restrictions that apply to the Identified Party(ies) at issue, regardless whether that entity is expressly named on the SDN List, the FSE List, and/or the SSI List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired

by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person or not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures.

United Kingdom and United Kingdom overseas territories

As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime by regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.