This section sets out a summary of the main PRC laws, regulations and policies to which we are subject.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Company Law of the PRC (《中華人民共和國公司法》), which was issued by the Standing Committee of the National People's Congress on December 29, 1993, came into effect on July 1, 1994, and was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises. Where the laws on foreign investment provide otherwise, such laws shall prevail.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which came into effect on January 1, 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), and became the legal foundation for foreign investment in the PRC. According to the Foreign Investment Law, the Chinese government implements a system of pre-entry national treatment with a negative list for foreign investments, pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively, the "foreign investors") shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle of treating domestic investments and foreign investments equally.

The Implementing Regulation for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, provides implementing measures and detailed rules to ensure the effective implementation of the Foreign Investment Law.

Pursuant to the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which was promulgated on December 30, 2019 and came into effect on January 1, 2020, where a foreign investor carries out investment activities in the PRC directly or indirectly, the foreign investor or the foreign investment enterprise shall submit the investment information to the competent commerce department through the enterprise registration system and the National Enterprise Credit Information Publicity System.

According to Regulations on Foreign Investment Guidelines (《指導外商投資方向規定》) (No. 346 Order of the State Council), which were promulgated by the State Council on February 11, 2002 and came into effect on April 1, 2002, foreign investment projects shall be classified into four categories: encouraged, permitted, restricted and prohibited. Currently,

foreign investment projects of the encouraged are listed in the Catalog of Encouraged Industries for Foreign Investment (Edition 2022) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Encouraged Catalog**"), and foreign investment projects of the restricted and prohibited categories are listed in the Special Administrative Measures for the Access of Foreign Investment (Negative List) (Edition 2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "Negative List"). Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalog and the Negative List are generally deemed as permitted for foreign investment. The property management industry is not a restricted or prohibited foreign investment project.

LAWS AND REGULATIONS RELATING TO PROPERTY MANAGEMENT SERVICES

On May 28, 2020, the National People's Congress approved the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**"), which came into effect on January 1, 2021 and replaced the Property Law of the PRC (《中華人民共和國物權法》), the Contract Law of the PRC (《中華人民共和國合同法》) and several other basic civil laws in the PRC. The Civil Code, which basically follows the current regulatory principles of property management industry, forms the legal foundation for the property management services.

In order to regulate property management activities and protect the legitimate rights and interests of property owners and property service enterprises, the State Council promulgated the Regulations on Property Management (《物業管理條例》) on June 8, 2003, which were amended on August 26, 2007, February 6, 2016 and March 19, 2018, respectively. The Regulations on Property Management clarify the rights and obligations of property service enterprises to provide services from the aspects of preliminary property management, property management services, and the use and maintenance of properties.

On December 25, 2020, MOHURD and other nine competent government departments issued the Notice on Strengthening and Improving the Administration of Residential Properties (《關於加強和改進住宅物業管理工作的通知》), which aims to strengthen the administration of residential property in the following main aspects: (i) improving the governance structure of the property owners' committee and strengthening supervision thereof; (ii) exploring the possibility of establishing a property management committee composed of the neighborhood committees and property owners' representatives to temporarily act on behalf of the property owners' committee where the conditions for setting up a property owners' meeting are not satisfied; (iii) encouraging property service enterprises to establish smart property management service platforms and improve their services by applying technologies such as the Internet of Things, cloud computing, big data, block chain and artificial intelligence; (iv) strengthening the supervision of property management services, establishing unified credit rating criteria and building a national credit information management platform and (v) improving the regulation on the use and management of housing special maintenance funds.

On July 13, 2021, the MOHURD issued the Notice on Continuous Rectification and Regulation of Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》), requiring the implementation of policies to highlight the key rectification points and focus on the rectification of real estate development, housing sales, housing leasing and property management services. The key issues in relation to provision of property management services identified in the Regulatory Notice which require rectification and regulation include (i) failing to provide services pursuant to the contents and standards in the property services contract; (ii) failing to disclose the relevant information, such as fee rates for the property services, information in relation to business operation of the common area and the income generated therefrom and the usage of maintenance and repair funds; (iii) charging excessive fees than the fees set out in the contract or announced fee rates; (iv) carrying out business activities in the common area without authorization, encroaching or misappropriating income generating from the operation of the common area; and (v) refusing to exit the property services project after the property management agreement has legally expired or been terminated without justified reasons.

Qualification of Property Service Enterprises

According to the Regulations on Property Management promulgated on June 8, 2003, amended on August 26, 2007 and February 6, 2016, companies engaging in property management activities shall be subject to a qualification system.

According to the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》) issued by the State Council on January 12, 2017 and taking effect on the same day, Level Two or below property management company qualifications acknowledged by Provincial and municipal government departments of Housing and Urban-Rural Development were canceled.

According to the Decision of the State Council on Canceling a Group of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》) issued by the State Council on September 22, 2017 which came into effect on the same day, qualification accreditation for property management enterprises of Level One was canceled.

According to the Notice of the General Office of MOHURD on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Management Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》) issued by the General Office of MOHURD on December 15, 2017 and taking effect on the same day, application, change, renewal or re-application of the qualifications of property management enterprises shall not be accepted, and the qualifications obtained already shall not be a requirement for property management enterprises to undertake new property management projects.

On March 19, 2018, the State Council issued Decision of the State Council to Amend and Repeal Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) (No. 698 Order of the State Council), according to which the Regulations on Property Management were amended. The Regulations on Property Management (2018 revision) have removed the qualification accreditation of the property management enterprises.

Regulations on Appointment of the Property Management Enterprises

According to the Civil Code, the property owners can either manage the buildings and the ancillary facilities by themselves, or engage a property service enterprise or other custodians. Property owners are entitled, according to the law, to replace the property service enterprise or other custodians engaged by the developer. Property management enterprises or other custodians shall manage the buildings and the ancillary facilities within the district of the building as entrusted by the owners, and shall be subject to the supervision by the owners.

According to the Civil Code, selecting and dismissing the property service enterprise or any other administrator shall be voted by the owners whose exclusive parts account for two-thirds or more of the total areas and the number of which accounts for two-thirds or more of the total number of owners and shall have affirmative votes of property owners who participate in the voting and hold more than half of the exclusive area owned by the voting owners and who represent more than half of the total number of property owners participating in voting. In addition, the Civil Code clarifies that if property owners do not renew the property management contract or engage a new property service provider upon expiration of the term of property management services and the property service provider continues to provide property services, the original property service contract shall continue to be valid without a fixed term. Each party may rescind the contract by sixty days' advance written notice to the other parties.

According to the Regulations on Property Management (2018 revision), property owners' committee, on behalf of the general meeting, can sign the property service contract with the property service enterprise engaged at the general meeting. Before the engagement of a property service enterprise by property owners and a general meeting of the property owners, a written preliminary service contract should be entered into between the property developer and the selected and engaged property service enterprise. The preliminary property service contract may stipulate the contract duration. However, if the property service contract signed by the property owners' committee and the property service enterprise comes into force within the term of preliminary property service contract, the preliminary property service contract shall automatically terminate.

According to the Regulations on Property Management (2018 revision) and the Interim Measures for Bidding Management of Pre-property Management (《前期物業管理招標投標管理暫行辦法》) promulgated by the Ministry of Construction on June 26, 2003 and taking effect on September 1, 2003, developer of residential buildings and non-residential buildings in the same property management area shall engage property management enterprises by inviting bid. In case where there are less than three bidders or for small-scale properties, the developer can

hire property management enterprises by signing an agreement with the approval of the real estate administrative department of the district and the county people's government where the property is located. Bid assessment shall be the responsibility of the bid assessment committee established by the bid inviter in accordance with relevant laws and regulations. The bid assessment committee shall be composed of the representative of the bid inviter and experts in the related property management fields and the number of members shall be an odd number at or above five. The experts in property management other than representatives of bid inviter shall represent at least two-thirds of the total members. Expert members in the bid assessment committee shall be determined by random select by bid inviter from the roster of experts established by the competent real estate administrative department. A person having an interest with a bidder shall not join the bid assessment committee of the related project. Where the developer of a residential realty fails to hire the property service enterprise through a tender and bidding process or hires the property service enterprise by signing agreement without the approval of relevant government authority, the competent real estate administrative department of the local government at the county level or above shall order the developer to make correction within a prescribed time limit, issue a warning and impose a penalty of no more than RMB100,000 on the developer.

According to the Government Procurement Law of the PRC (《中華人民共和國政府採購法》) (the "**Government Procurement Law**") which was latest amended on August 31, 2014, public invitation of bids shall be the principal method of government procurement, and the term "government procurement" means the use of fiscal funds by all levels of State authorities, institutions and social organizations to procure goods, projects and services that fall within the catalog for centralized procurement formulated in accordance with the law or that are above the procurement limits.

According to the Implementation Regulations for the Tenders and Bids Law of the PRC (《中華人民共和國招標投標法實施條例》) which were latest amended on March 2, 2019, and taking effect on the same day, where the tender invitation and bidding activities of a project required by law to call for tenders violate the provisions of the Tenders and Bids Law of the PRC and the Regulations, and have a substantive influence on the outcome of award of tender, if it is impossible to adopt remedial measures to rectify, the tender invitation, bidding, award of tender shall be void, the tender exercise or bid evaluation shall be organized anew pursuant to the law.

In addition, according to the Civil Code, the property service contract for the preparatory phase concluded by a construction entity and a real property service provider pursuant to law as well as the property service contract concluded by the Committee of Owners and the real property service provider selected by the Owners' Congress pursuant to law shall be legally binding on the owners.

Fees charged by Property Management Enterprises

According to the Measures on the Charges of Property Service Enterprise (《物業服務收費管理辦法》) (the "**Measures on the Charges**"), which were jointly promulgated by the NDRC and the Ministry of Construction on November 13, 2003 and came into effect on January 1, 2004, property management enterprises are permitted to charge fees from owners for the repair, maintenance and management of houses and ancillary facilities, equipment, venues and the sanitation and order in relevant regions according to the property service contract.

The competent price administration departments of the local people's governments at or above the county level and the competent property administration departments at the same level are responsible for supervising and regulating the fees charged by property management enterprises in their respective administrative regions. The property service fees can be either the government guidance price or market-based price depending on the nature and features of relevant properties. The specific pricing principles shall be determined by the competent price administration departments and the competent property administration departments of the people's governments of each province, autonomous region and municipality directly under the Central Government.

Where property service charges are subject to government guidance prices, the competent pricing department of the people's government with pricing authority shall, in conjunction with the competent real estate administrative department, formulate corresponding benchmark prices and the fluctuation ranges on the basis of factors such as property management service level standards, and publish them periodically. The specific charging standard shall be agreed upon by the owner and the property management enterprise in the property service contract according to the prescribed benchmark price and fluctuation range. Except the circumstance where the government guidance price shall be implemented, the market-based price applies to the property management fees. The standard of such fees is determined by the property management enterprise and the developer or property owners through negotiation.

In addition, according to the Measures on the Charges, as agreed between the property owners and property management enterprises, the fees for the property management services can be charged either as a lump sum basis or a commission basis. Fees charged on a lump sum basis represent a fixed amount of property management fees paid by the property owners, and the property management enterprise enjoys the profits and assumes the losses at its own risk. Fees charged on a commission basis represent an agreed percentage or amount of the property management fees collected by the property management enterprise paid to the property management enterprise as commissions, while the rest of such fees is exclusively used for expenses agreed in the property management contract, and the property owners enjoy the surplus or assume the loss.

Where the property service fees are charged on a lump sum basis, the components of the property service fees include the cost of property services, statutory taxes and the profit of the property management enterprise. Where the property service fees are charged on a commission basis, the funds charged in advance for property services include property services expenses and remuneration from property management enterprises. If a Property management enterprise violates price laws, regulations and rules, the competent government department may confiscate any illicit gains, impose a fine, and may order it to suspend operations in serious circumstances, in accordance with the relevant laws and regulations, such as the Price Law of the PRC (《中華人民共和國價格法》) and the Provisions on Administrative Penalties for Price Violations (《價格違法行為行政處罰規定》).

According to the Provisions on Clearly Marking the Prices of Property Services (《物業服務收費明碼標價規定》), which were jointly promulgated by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004, property management enterprises shall clearly mark the price, as well as state service items and charging standards and relevant information on services (including the property management services as stipulated in the property management service agreement as well as other services requested by property owners) provided to the owners. If the charging standard changes, property management enterprises shall adjust all relevant information one month before implementing the new standard and indicate the date of implementing the new standard. Property management enterprises shall neither use any false or misleading price items or mark prices in a false or misleading manner to commit price fraud, nor charge any fees not clearly specified, other than those expressly marked. If a property management enterprise fails to clearly make the price in accordance with the provisions or commits price fraud, the competent government pricing department may confiscate any illicit gains, impose a fine, and may order it to suspend operations in serious circumstances, in accordance with the Price Law of the PRC, the Provisions on Administrative Penalties for Price Violations and other relevant laws and regulations.

According to the Property Management Pricing Cost Supervision and Examination Approaches (Trial) (《物業服務定價成本監審辦法(試行)》) which were jointly promulgated by the NDRC and the Ministry of Construction on September 10, 2007 and came into effect on October 1, 2007, the competent price administration department of people's government formulates or regulates property service charging standards, the pricing cost of property management services should be the social average cost of property services as verified by the competent price administration department of the people's government. With the assistance of competent real estate administrative department, competent pricing department is responsible to organize the implementation of the property service pricing cost supervision and examination work. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance on public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

At present, no uniform standard for the government guidance price of fees for property management services has been established at the national level. In accordance with the Circular of the National Development and Reform Commission on Relaxing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》), which was promulgated by NDRC on December 17, 2014 and became effective on the same day, competent pricing departments of each province, autonomous region and municipality directly under the Central Government shall promptly implement relevant procedures to cancel the price control on property services of non-affordable houses and parking service for residential community. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for property service fees for affordable houses, housing reform apartments, old residence communities and preliminary property management service in light of the actual situation. The benchmark and floating range of these government guidance prices vary from region to region.

For example, in Hunan, the Notice on the publication of the "Management Measures of Property Service Fees in Hunan Province" (《關於印發<湖南省物業服務收費管理辦法>的通知》) was promulgated on April 1, 2022 and implemented on May 15, 2022. The Development and Reform Commission of Hunan Province, together with the Department of Housing and Urban-Rural Development of Hunan Province and the Market Supervision Administration of Hunan Province, are responsible for formulating policies on property service charges, and guiding and coordinating the management and supervision of property service charges in Hunan. Government guidance prices or market-regulated prices shall be implemented for charges of property management in light of the nature and characteristics of different properties. The government guidance prices shall be implemented for the charges of property service of ordinary residential properties which are developed in accordance with local standards for general civilian habitation purposes (including property service fee for purchased parking spaces, renovation service fee and renovation waste removal fee) before the establishment of the general meeting of property owners and market-regulated prices shall be implemented for the service fees of villas (referring to stand-alone large houses and townhouses with outdoor courtyards), other non-residential properties and ordinary residential properties (including property service fee for purchased parking spaces, renovation service fee and renovation waste removal fee) after the establishment of the general meeting of property owners.

According to the Management Measures of Property Service Fees in Hunan Province, the charges standards of preliminary property service of ordinary residential properties that the government guidance prices are implemented for before the establishment of the owners' general meeting, shall be set within the government guidance prices and fluctuation ranges by the construction unit through selecting service items and service level before the pre-sale according to the characteristics of the property and service requirements, and shall be agreed upon in the residential properties purchase and sales contracts with purchaser. The property purchaser must be explicitly informed that and it must be stated in the contract for the sale and purchase of commercial property that the final standard of the property service charge shall be subject to the price standard that the property service provider has reported to and filed with the Development and Reform Department for examination and approval in accordance with laws, regulations and price management policies. In addition, as for the charges of preliminary

property service of ordinary residential properties that the government guidance prices are implemented for, the specific property service charges standards shall be file by the property service provider and the construction unit with the municipal and county development and reform department for examination within 30 days after the completion of the property undertaking inspection and handover.

As for the market-based price, before the establishment of the owners' general meeting, the charges standards of property service that the market-based prices are implemented for shall be agreed upon between the construction unit and the property service provider in the preliminary property service contract, and the contract for the sale and purchase of commercial property signed by the construction unit and property purchaser shall contain the terms agreed in the preliminary property service contract. After the establishment of the owners' general meeting, the charges standards of property service that the marketbased prices are implemented for shall be determined by the owners' general meeting in accordance with the characteristics of the property and the service requirements, through the statutory procedures, the selection of the service items, the service quality level, the charges standards and the property service providers who meet the requirements, and the determination of the charges shall be carried out in accordance with the procedures as stipulated in the relevant laws and regulations, such as the Civil Code and the Regulations on Property Management in Hunan Province (《湖南省物業管理條例》), and shall be contractually agreed upon through the signing of the Property Service Contract.

In addition, according to the Management Measures of Property Service Fees in Hunan Province,where a property service provider commits any of the following acts, it shall be punished by market supervision administration department in accordance with the relevant laws, regulations and rules: violating the relevant provisions of the Measures, failing to comply with the government guidance price management to formulate or increase the charging standards and collect property service fees without authorization; charging fees exceeding the government guidance price standard; setting up compulsory charging items without authorization; failing to implement the clearly marked price or not specifying the price according to the regulations; violating other provisions of price laws, regulations.

The Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Cases of Disputes over Property Management Service (《最高人民法院關於審理物業服務糾紛案件適用法律若干問題的解釋》), which was promulgated on May 15, 2009 and amended on December 29, 2020, stipulates the interpretation principles applied by the court when hearing disputes on specific matters between property owners and property management enterprises. According to the Interpretation, the People's Court shall support the following requests of the property owner: (i) the owner pleads against the property service enterprise for illegal charges where the property service enterprise has extended the range of charge, raised the charge standard or duplicated charges in violation of the property service contract or the laws, regulations and departmental rules without authorization; (ii) the property owner claims against the property service enterprise to refund the illegal charges charged; (iii) the property owner claims against the property service enterprise to refund the charges which have been charged in advance, but for the period when property services are not provided after the termination of the rights and obligations of the property service contract.

Collection of Outstanding Property Management Fees

According to Article 188 of the Civil Code, the limitation period for filing a petition with the People's Court for the protection of civil rights is three years. Where otherwise provided by law, the period shall be subject to the provisions thereof. The statute of limitation period is calculated from the date when the right holder knows or should know that the right has been damaged and the obligor. Where otherwise provided by law, the period shall be subject to the provisions thereof. However, the People's Court shall not protect the right if it exceeds 20 years from the date of damage. If there are special circumstances, the People's Court may decide to extend it upon the application of the right holder.

Property Management Service Outsourcing

In accordance with the Regulations on Property Management (2018 revision), a property service enterprise may outsource a specific service within the property management area to a specialized service enterprise, but it shall not outsource all the property management businesses within such area to third parties. Where any realty service enterprise, in violation of the Regulations, entrust to others all the realty management within the realty management area, the administrative department of real estate of the local people's government at the county level or above shall order that enterprise to rectify within a prescribed time limit, and impose on it a fine ranging from 30% to 50% of the price of the entrustment contract. The proceeds derived from the entrustment shall be used in the repair and maintenance of the common parts and common facilities of the realty with the realty management area, and the residual part shall be used according to the decision of the owners' committee; the offender shall be held liable for compensation according to law if any loss has been caused to the owners.

Parking Lot Filing Management

According to the Key Points of Recent Work and the Division of Labor for Speeding up the Construction of Urban Parking Facilities (Fa Gai Ji Chu [2016] No. 159) (《加快城市停車場建設近期工作要點與任務分工》(發改基礎[2016]159號)) promulgated by NDRC on January 25, 2016, the people's governments should deepen the reform of the administrative approval system, simplify the procedures for investment construction and operation, improve efficiency, and complete the examination (or approval) of parking lot construction projects proposed by the project owners or investment subjects in accordance with the prescribed processing time and procedures. For small parking lots or those constructed by the use of own land, the filing system is encouraged.

According to the Administrative Measures of Hunan Province for Parking Lots (《湖南省停車場管理辦法》) promulgated by the Hunan Provincial People's Government on July 19, 2013 and implemented on October 1, 2013, managers of public parking lots shall, twenty days prior to the opening of the parking lots, report and submit to the traffic management department of the public security organ of the local people's government at the county level such information as the parking lot's name, location, name of the owner or manager, number of

parking spaces, and charging standards. In addition, according to the Measures for the Administration of Motor Vehicle Parking Lots in Changsha (《長沙市機動車停車場管理辦法》), whoever failing to perform the obligation to register with and report to the traffic management department of the public security organ, shall be ordered to make corrections by the traffic management department of the public security organ and may be fined RMB1,000.

According to the Notice on the Issuance of the "Implementation Rules of Changsha City Motor Vehicle Parking Service Charges (Chang Fa Gai Jia Fei [2021] No. 69) (《關於印發<長沙市機動車停放服務收費實施細則>的通知》(長發改價費[2021]69號)) jointly issued by four departments including Changsha Development and Reform Commission and Changsha Public Security Bureau on April 26, 2021, government guidance prices or market-regulated prices shall be implemented for the motor vehicle parking service charges according to different categories of the motor vehicle. Operators or managers of parking lots (parking spaces) that implement government guidance prices shall go to the development and reform department of the district (county or city) to which they belong to file the charges for motor vehicle parking services, and submit corresponding materials in accordance with regulations.

Parking Service Fees

According to the Guidance on the Planning, Construction and Management of Urban Parking Facilities (Jian Cheng [2010] No. 74) (《關於城市停車設施規劃建設及管理的指導意見》(建城[2010]74號)) jointly promulgated by the MOHURD, the Ministry of Public Security of the PRC (the "**Ministry of Public Security**") and the NDRC and came into effect on May 19, 2010, the government adopts for parking lot operators a licensed management system with market access and exit standards and the open, fair and equitable selection of urban parking lot operators.

According to the Circular of the National Development and Reform Commission on Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》) which was promulgated on December 17, 2014 and became effective on the same day, price control on parking services in residence communities was canceled.

Pursuant to Guidance on Further Improving Charging Policies for Motor Vehicle Parking Service (《關於進一步完善機動車停放服務收費政策的指導意見》) which was jointly promulgated by NDRC, Ministry of Transport and MOHURD on December 15, 2015 and came into effect on the same day, the government insists on market-oriented mechanism, opens up the service charges of parking facilities with competitive conditions in accordance with the law, gradually reduces the scope of government pricing management, encourages the construction of parking facilities by social capital, and encourages all localities to implement different charging for parking services in different regions, different locations, different models, and different period in light of actual conditions.

For example, in Hunan, according to the Measures for the Management of Motor Vehicle Parking Service Charges in Hunan Province (《湖南省機動車停放服務收費管理辦法》) issued by the Development and Reform Commission of Hunan on October 25, 2020 and effective on January 1, 2021, the management of motor vehicle parking service charges shall differentiate according to the nature and characteristics of different parking lots and implement market-regulated prices and government guidance prices, respectively, and shall follow the following principles: (i) playing a decisive role of the market in the allocation of resources and improving the mechanism of price determination mainly by the market; (ii) encouraging all kinds of capital investment in the construction of parking lots; (iii) being consistent with the traffic management policy, regulating the order of vehicles and promoting the diversion of traffic; (iv) protecting the legitimate rights and interests of motor vehicle parkers and parking facility operators or managers.

Security and Guarding Services

In accordance with Regulation on the Administration of Security and Guarding Services (《保安服務管理條例》) which was promulgated by the State Council on October 13, 2009 and became effective on January 1, 2010, and was amended on November 29, 2020 and March 29, 2022, an entity employing security guards by itself shall, within 30 days after the start of security and guarding services, go through the filing formalities in the public security organ of the people's government of the local districted city. The following materials shall be provided for filing: (i) proof of legal personality; (ii) the basic information of the legal representative (the main person in charge), the person in charge and the security guards; (iii) the basic information of the security service area; and (iv) the establishment of the security service management system, post responsibility system, security guard management system. Where a unit that recruits security guards on its own no longer recruits security guards to provide security services, it shall revoke the filing with the public security organ within 30 days from the date of cessation of security services.

Fire Protection

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021, property management enterprises of residential community shall carry out maintenance and administration of common firefighting facilities within the area under their management, and provide fire safety prevention services.

According to the Regulations on Fire Safety Management of Institutions, Organizations, Enterprises and Businesses (《機關、團體、企業、事業單位消防安全管理規定》) promulgated by the Ministry of Public Security on November 14, 2001, property management units in residential areas should perform the following fire safety duties within the scope of management: (i) developing fire safety systems, implementing fire safety responsibilities, and launching fire safety publicity and education; (ii) conducting fire prevention inspections and eliminating fire hazards; (iii) protecting the evacuation routes, safety exits, fire truck access; (iv) protecting public firefighting facilities, equipment and fire safety signs intact and effective. Other property management units should be responsible for the public fire safety management within the entrusted management area.

Estate Brokerage Business

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by SCNPC on July 5, 1994, came into effect on January 1, 1995 and was revised on August 30, 2007, August 27, 2009 and August 26, 2019, real estate intermediate service agencies include real estate consultants, real estate evaluation agencies, real estate brokerage agencies, etc. Real estate intermediate agencies shall meet the following conditions: (1) having their own name and organization; (2) having a fixed business site; (3) having the necessary assets and funds; (4) having a sufficient number of professionals; and (5) having other conditions specified by laws and administrative regulations.

According to the Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》), which were promulgated by MOHURD, the NDRC and the Ministry of Human Resources and Social Security (人力資源和社會保障部) on January 20, 2011, came into effect on April 1, 2011 and were revised on March 1, 2016, real estate brokerage refers to the acts of providing intermediary and agency services to and collecting commissions from clients by real estate brokerage institutions and real estate brokers for the purpose of promoting real estate transactions. Sufficient number of real estate brokerage personnel shall be equipped to establish real estate brokerage agencies and their branches. Real estate brokerage agencies and their branches shall go to the construction (real estate) authorities in the People's Government in their respective cities, counties or centrally-administered municipalities for handling the filing formalities within 30 days from the date of receiving business licenses.

Commercial Services of Clearing, Collection and Transport of Urban Living Garbage

Pursuant to the Administrative Measures for Urban Living Garbage (《城市生活垃圾管理辦法》), which were promulgated by the Ministry of Construction on April 28, 2007 and amended by MOHURD on May 4, 2015, an enterprise shall obtain a license for the commercial service of clearing, collection and transport of urban living garbage to engage in urban living garbage cleaning, collection and transportation businesses. An enterprise which fails to acquire a license to engage in aforesaid commercial services regarding urban living garbage may be confronted with a fine under RMB30,000.

LAWS AND REGULATIONS RELATING TO HOUSING LEASING

According to the Measures for the Administration of Merchandized Property Leasing (《商品房屋租賃管理辦法》) promulgated by MOHURD on December 1, 2010, within 30 days after the conclusion of a housing lease contract, the parties to the housing lease shall go to the department of construction (real estate) of the government of the municipality, city or county where the leased premises are located to apply for housing lease registration for the record. The housing lease registration certificate shall state the name of the lessor, the name of the lessee, the type and number of the valid identity document, the location of the leased premises, the purpose of the lease, the amount of rent, the term of the lease, etc. Violation of the above provisions may be subject to a fine of not less than RMB1,000 and not more than RMB10,000.

LAWS AND REGULATIONS RELATING TO REAL ESTATE MARKET

The "Three Red Lines" policy on real estate companies

In August 2020, MOHURD, together with PBOC, held the Real Estate Enterprises' Symposium, and formulated the Fund Monitoring and Financing Management Rules for Key Real Estate Companies (《重點房地產企業的資金監測和融資管理規則》) (the "Three Red Line" policy), with the intention to control the scale of interest-bearing debts of major property developers in China and facilitate the sustainable development of China's real estate industry. The "Three Red Lines" policy refers to: (i) the gearing ratio (excluding receipts in advance) of a real estate company shall not exceed 70%; (ii) the net gearing ratio of a real estate company shall not exceed 100%; and (iii) cash over short-term interest-bearing loans ratio shall not be lower than 1.0. In particular, if a real estate company complies with all of the above-mentioned three limits (also known as green real estate companies), its annual growth rate of interest-bearing liabilities will be capped at 15%; if a real estate company fails to comply with one of the above-mentioned three limits (also known as the yellow real estate companies), its annual growth rate of interest-bearing liabilities will be capped at 10%; if a real estate company fails to comply with two of the above-mentioned three limits (also known as the orange real estate companies), its annual growth rate of interest-bearing liabilities will be capped at 5%; and if a real estate company fails to comply with all of the above-mentioned three limits (also known as the red real estate companies), it will not be allowed to increase its interest-bearing liabilities.

According to the 2021 and 2022 annual reports and 2023 interim report of CSUD Group, the gearing ratio (excluding receipts in advance), the net gearing ratio and cash over short-term interest-bearing loans ratio of CSUD Group as of the dates indicated are set forth as below:

	As of December 31,		As of June 30,
	2021	2022	2023
Gearing ratio (excluding receipts in advance)	55.9%	55.6%	55.9%
Net gearing ratio	74.1%	77.4%	79.1%
Cash over short-term interest-bearing loans ratio	0.7	0.5	0.6

According to the online public search conducted by our PRC Legal advisors, no official written documents issued by relevant competent authorities with respect to the "Three Red Lines" policy has been identified as of the Latest Practicable Date. Based on the consultation made by our PRC Legal Advisors with the Hunan Branch of PBOC (中國人民銀行湖南省分行), the Hunan Branch of PBOC informed us that to the best of its knowledge, CSUD Group does not fall under the regulatory scope of the "Three Red Lines" policy. In accordance with the Real Estate Enterprises' Symposium jointly held by the PBOC and MOHURD and the "Three Red Line" policy, as well as the administrative duties released on the website of the PBOC, our PRC Legal Advisors are of the view that the Hunan Branch of PBOC is the relevant competent authority for the matters.

According to the consultation made by our PRC Legal Advisors with CSUD Group, the written confirmation of CSUD Group and the credit report issued by the Credit Information Center of PBOC (中國人民銀行徵信中心), as of the Latest Practicable Date, (i) CSUD Group had not been required by the competent authorities to submit its financial statements on a regular basis to ensure its compliance with the requirements set forth in the "Three Red Lines" policy; (ii) none of the controlling shareholder, directors and senior management of CSUD Group had attended any briefing held by the MOHURD, the PBOC, the China Banking and Insurance Regulatory Commission or other competent regulatory authorities that aims to regulate the financing activities of major real estate companies, or had been subject to any investigation relating to the "Three Red Lines" policy; (iii) CSUD Group's operation, financial performance and ability to obtain external financing had not been materially adversely affected since the "Three Red Lines" policy was proposed given that CSUD Group's growth rate of interest-bearing bank and other borrowings was less than 10% for each year ended December 31, 2021 and 2022; (iv) CSUD Group had not received any investigation, penalty or notice of potential investigation in connection with the "Three Red Lines" policy; (v) CSUD Group had not faced any difficulties in renewing or obtaining bank loans, nor is it involved in any dispute or litigation with any lending bank; and (vi) CSUD Group undertook that it will not request our Group to provide any financial assistance to real estate development matters, nor it will request our Group to invest the [**REDACTED**] from the [**REDACTED**] in the field of real estate development in any manner.

In light of the above, as advised by our PRC Legal Advisors and the PRC legal advisors to the Sole Sponsor, our Directors believe and the Sole Sponsor concurs that the "Three Red Lines" policy is not applicable to CSUD Group, a large-scale conglomerate providing comprehensive urban construction, urban operation and investment services. Our Directors confirm that, as of the Latest Practicable Date, (i) no material delay in payment or shortage of capital for projects sourced from CSUD Group and its associates had come to the attention of our Directors and (ii) our Company had no future plan to use the [**REDACTED**] from the [**REDACTED**] in the real estate development business. At the same time, our Group has formulated a series of internal control systems, including the connected transaction management system and the internal audit management system, aimed at ensuring compliance with relevant laws and regulations. In light of these considerations, our Directors believe and the Sole Sponsor concurs that the "Three Red Lines" policy would not have a material adverse impact on our relationship with CSUD Group and the operation and financial performance of our Group.

Rules on individual housing loans and tax refunds

On November 11, 2022, PBOC and China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) (the former government institution of the State Administration of Financial Regulatory Commission) jointly issued the Notice on Properly Performing Work for Current Financial Support for the Stable and Healthy Development of the Real Estate Market (《關於做好當前金融支持房地產市場平穩健康發展工作的通知》), providing that government and financial institutions shall support the rational demand for individual housing loans.

On August 18, 2023, MOHURD, PBOC and the State Administration of Financial Regulatory Commission (國家金融監管總局) jointly promulgated the Circular on Optimizing the Standards for Determining the Number of Houses in Individual Housing Loans (《關於優化個人住房貸款中住房套數認定標準的通知》), clarifying that when a resident family (including a loan applicant, the spouse and minor children) applies for a loan to buy a merchandized property, if any of the family members does not own any merchandized property within the local area, the banking financial institutions shall implement the housing credit policies according to that for the first merchandized property regardless of whether they have used the loan for such purchase. On the same day, MOF, SAT and MOHURD released the Announcement on Continuing to Implement Relevant Individual Income Tax Policies in Support of Residents' Purchase of Housing (《關於延續實施支持居民換購住房有關個人所得稅政策的公告》), which provides that from January 1, 2024 to December 31, 2025, individual income tax paid by taxpayers for the sale of their existing merchandized properties shall be refunded if they sell their existing merchandized properties and re-purchase a new one within one year.

LAWS AND REGULATIONS RELATING TO CONSTRUCTION PROJECT

Construction Project

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the Standing Committee of the National People's Congress on November 1, 1997 and amended on April 22, 2011 and April 23, 2019, construction enterprises, survey units, design units and project supervision units engaged in construction activities shall be divided into different qualification levels according to their registered capital, professional and technical personnel, technical equipment and completed construction project performance, and can only engage in construction activities within the scope of their qualification level license after passing the qualification examination and obtaining the qualification certificate of the corresponding level.

The Notice of the Ministry of Housing and Urban-Rural Development on Issuing the Qualification Standards for Construction Enterprises (《住房和城鄉建設部關於印發<建築業企業資質標準>的通知》), promulgated by MOHURD on November 6, 2014 and latest amended on October 14, 2016, stipulates the standards and contracting scope of construction enterprise qualifications. According to the Qualification Standards for Construction Enterprises, the general contracting qualification of municipal public engineering construction is divided into special grade, first level, second level and third level, and the evaluation standards include four aspects: enterprise assets, main personnel of the enterprise, project performance of the enterprise, and technical equipment. The professional contracting qualification of building decoration engineering is divided into first level and second level, and the evaluation standards include three aspects: enterprise assets, main personnel of the enterprise, and project performance of the enterprise. There is no classification of special engineering professional contracting qualifications and construction labor service sequences, and the evaluation standards include two aspects: enterprise assets and main personnel of enterprises.

According to the Regulations on the Quality Management of Construction Projects (《建設工程質量管理條例》), promulgated by the State Council on April 23, 2019, a quality warranty system shall be established for construction projects. Under the operating conditions, the minimum warranty period of a construction project shall be as follows: with regard to infrastructure projects, ground foundations projects and main structural projects for housing construction, the quality warranty period shall be the reasonable useful life as specified in the design documents; with regard to roof waterproof projects and the roofing waterproof, and projects for anti-leakage of toilets, rooms and outside walls that should be waterproofed, the quality warranty period shall be 5 years; with regard to heat supply and airconditioning systems, the quality warranty period shall be 2 heating periods and 2 air-conditioning periods; and with regard to the projects of electric wires, gas, water supply and drainage pipes, equipment installation and decoration, the quality warranty period shall be 2 years. The quality warranty period of other projects shall be agreed upon by the contract-issuing party and the contracting party. The quality warranty period of a construction project shall be calculated from the day when the project passes the acceptance inspection.

According to the Tenders and Bids Law of the PRC, which was latest amended and promulgated on December 28, 2017, bids shall be invited for the large-scale infrastructure or public utility projects and other projects relating to the public interest of society or public security, and for projects wholly or partly utilizing State-owned capital or State funds. However, if a project involves special circumstances that is unsuitable for invitation for bids, bids need not be invited pursuant to the relevant provisions.

Landscaping Engineering

According to the Regulations of Urban Landscape (《城市綠化條例》) promulgated by the State Council on June 22, 1992, latest amended and effective on March 1, 2017, the construction of urban landscape projects shall be undertaken by the units holding the corresponding qualification certificates.

On March 1, 2017, the State Council issued the Decision on Amending and Repealing Some Administrative Regulations (No. 676 Order of the State Council) (《關於修改和廢止部分行政法規的決定》(國務院令第676號)), which removed the provisions of the Regulations of Urban Landscape regarding the construction qualification of urban landscape projects. On April 13, 2017, the MOHURD issued the Notice of the Office of the Ministry of Housing and Urban-Rural Development on the Cancelation of Approved Administrative Permits for Urban Landscaping Enterprises (Jian Ban Cheng [2017] No. 27) (《住房和城鄉建設部辦公廳關於做好取消城市園林綠化企業資質核准行政許可事項相關工作的通知》(建辦城[2017]27號)), which clearly stipulates that the competent departments of housing and urban-rural construction (landscaping) at all levels shall no longer accept applications for approval of urban landscaping enterprises' qualifications, and the competent departments of housing and urban-rural construction (landscaping) at all levels shall not, in any way, mandatorily require the qualifications of urban landscaping enterprises or the qualifications of general contracting of municipal public works as a condition for contracting the construction of landscaping projects. On December 20, 2017, the MOHURD promulgated the Regulations on Construction Management of Landscaping Projects (Jian Cheng [2017] No. 251) (《園林綠化工程建設管理規定》(建城[2017]251號)), reiterating that the competent departments of housing and urban-rural construction (landscaping) at all levels and tenderers shall not make the possession of the original qualifications of urban landscaping enterprises or general contracting qualifications of municipal public works construction issued by the housing and urban-rural construction departments as a qualification condition for tenderers.

According to the Regulations on the Construction of Landscaping Projects (《園林綠化工程建設管理規定》), promulgated by MOHURD on December 20, 2017, a construction quality warranty period, generally not less than one year, should be stipulated in the construction contract for landscaping projects.

LAWS AND REGULATIONS RELATING TO URBAN MANAGEMENT

According to the Guiding Opinions of the Central Committee of the CPC and the State Council on the In-Depth Promotion of Urban Law Enforcement System Reform to Improve Urban Management (《中共中央國務院關於深入推進城市執法體制改革改進城市管理工作的指導意見》), the main responsibilities of urban management are municipal management, environmental management, traffic management, emergency management and urban planning and implementation management. The specific scope of implementation includes the operation and management of municipal public facilities, urban environmental and sanitation management, landscaping management and other aspects of all work. The Department of Housing and Urban-Rural Development of the State Council is responsible for the guidance on the national urban management, and actively promoting the legalization and standardization of local governments at all levels of urban management authority.

On May 27, 2017, in order to strengthen integrated urban management, the Standing Committee of the Hunan Provincial People's Congress promulgated the Hunan Urban Integrated Management Ordinance (《湖南省城市綜合管理條例》), which was amended and came into effect on November 30, 2023, regulates the province's municipal management such as urban environmental sanitation, landscaping, underground pipelines and urban lighting from the aspects of urban environmental sanitation management, landscaping management and municipal public facilities management. Individuals or organizations that violate the Hunan Urban Integrated Management Ordinance may be subject to a fine of not less than RMB500 and not more than RMB30,000, or be imposed a fine of not more than two times of the value of the flowers, plants and trees, and greening facilities damaged thereby.

LAWS AND REGULATIONS RELATING TO LABOR PROTECTION

According to Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and was amended on August 27, 2009 and December 29, 2018, employers shall develop and improve their rules and regulations in accordance with the law to ensure that workers enjoy their labor rights and perform their labor obligations. Employers shall develop and improve the system of labor safety and sanitation, strictly implement the national protocols and procedures on labor safety, guard against labor safety accidents and reduce occupational hazards. Labor safety and sanitation facilities shall meet the relevant national standards. Employers must provide workers with necessary labor protection equipment that meets the safety and hygiene conditions stipulated under national regulations by the State, and conduct regular health checks for workers who engage in operations with occupational hazards. Laborers engaged in special operations must have received specialized training and obtained qualifications for special operations. Employers shall establish a vocational training system, draw and use vocational training funds in accordance with national regulations, and conduct vocational training for workers in a planned manner according to the actual conditions of the unit.

According to Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, and the Implementation Regulations on Labor 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 became effective on September 18, 2008, employers and employees shall enter into written labor contracts to establish their employment relationship. The labor contracts shall set forth the terms, duties, remunerations, disciplinary rules of the employment and conditions to terminate the labor contracts. With respect to a circumstance where a labor relationship has already been established but no written contract has been made, a written labor contract shall be entered into within one month from the date when the employee begins to work. Meanwhile, it is stipulated that labor contracts must be concluded in a written form, upon reaching an agreement after due negotiation, an employer and an employee may enter into a fixed-term labor contract, a non-fixed-term labor contract or a labor contract that concludes upon completion of certain work assignments. After reaching an agreement upon due negotiation with employees or by fulfilling other circumstances in line with legal conditions, an employer may legally terminate a labor contract.

According to the Interim Provisions on Labor Dispatch (《劳務派遣暫行規定》), which were promulgated by the Ministry of Human Resources and Social Security (人力資源和社會保障部) on January 24, 2014 and came into effect on March 1, 2014, employers may use dispatched laborers only for temporary, auxiliary or substitutable positions. The employer shall strictly control the number of dispatched laborers which shall not exceed 10% of the total number of its workers. In addition, according to the Labor Contract Law, the employer violates the dispatched labor provisions shall be ordered by the labor administration department to make corrections within a certain period of time; if it fails to make corrections within the stipulated period, it shall be imposed a fine of not less than RMB5,000 but not more than RMB10,000 per person.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, came into effect since July 1, 2011, and was amended on December 29, 2018, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers. Employers who fail to promptly contribute social security premiums in full amount 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.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which were promulgated by the State Council on April 3, 1999, and became effective on the same day, and were amended on March 24, 2002 and March 24, 2019, employers shall undertake registration at the competent administrative center of housing fund and then, upon the verification by such administrative center of housing fund, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its employees. The employer shall timely pay up and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. The employer shall process housing provident fund payment and deposit registrations with the housing provident fund administration center. With respect to companies who fail to process housing provident fund registrations or open housing provident fund accounts for their employees according to the Regulations, such companies shall be ordered by the housing provident fund administration center to complete such procedures within a prescribed time limit; where failing to do so by the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. In addition, employers who fail to promptly contribute housing provident fund contributions in full amount shall be ordered by the administrative center of housing fund to pay the outstanding housing provident fund contributions within the time period; where payment is not made within the stipulated period, the relevant administrative authorities may apply to the PRC courts for compulsory enforcement.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國税地税徵管體制改革方案》), which was promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on July 20, 2018, from January 1, 2019, all the social insurance premiums, including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, are collected by the tax authorities.

According to the Notice by the General Office of the State Administration of Taxation (the "**SAT**") on Conducing the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady and Orderly Manner (《國家税務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》), which was promulgated on September 13, 2018, and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Insurance Premiums (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》), which was promulgated on September 21, 2018, all the local authorities responsible for the collection and settlement of social insurance premiums are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Measures on Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), which was promulgated by the SAT on November 16, 2018, repeats that tax authorities at all levels shall not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

LAWS AND REGULATIONS RELATING TO PERSONAL INFORMATION AND DATA SECURITY

According to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, network operators shall comply with laws and regulations and fulfill their obligations to ensure the 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 committed on the network, and maintain the integrity, confidentiality, and availability of network data. The network operators should follow the principles of legality, propriety and necessity in collecting and using citizens' personal information, express the purpose, manner and scope of collection and use of information, and obtain the consent of those collected. The network operators shall neither collect the personal information irrelevant to the services provided by them nor collect or use the personal information in violation of the provisions of any laws or administrative regulation or the agreement between both parties.

According to the Civil Code, personal information of a natural person shall be processed under the principles of lawfulness, justification and necessity, shall not be excessively processed, and shall meet the following conditions: (i) The consent of the natural person or his or her guardian is obtained, unless as otherwise prescribed by laws and administrative regulations; (ii) The rules for information processing are published; (iii) The purpose, method, and scope of information processing are explicit; (iv) The provisions of laws and administrative regulations and the agreement between both parties are not violated. It clarifies that a natural person has the right to access or reproduce his or her personal information from the information processor according to laws; and upon discovery of any error in the information, he or she has the right to raise an objection and request correction and other necessary measures to be taken in a timely manner. The Civil Code also stipulates that information processors shall take technical measures and other necessary measures to ensure the security of the personal information collected and stored thereby and prevent information leakage, tampering, and loss.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and effective on September 1, 2021, "data" means any electronic or other means of recording information, and "data processing" is defined as including the collection, storage, use, processing, transmission, provision, and disclosure of data. The Data Security Law stipulates that the collection of data shall be done in a lawful and proper manner, and that data shall not be stolen or obtained in any other illegal manner. Data related to national security, the lifeblood of the national economy, important people's livelihood, major public interests, etc. are core data, and a more stringent management system should be implemented. Data processors should, in accordance with the provisions of laws and regulations, establish and improve the whole process of data security management system, organize data security education and training, take appropriate technical measures and other necessary measures to protect data security. In the event of a data security incident, relevant measures shall be taken immediately, and the incident shall be disclosed to the user in a timely manner and reported to the relevant competent authorities in accordance with the regulations.

According to the Network Product Security Vulnerability Management Regulations (《網絡產品安全漏洞管理規定》) issued by the Ministry of Industry and Information Technology, the State Internet Information Office and the Ministry of Public Security on July 12, 2021 and implemented on September 1, 2021, network product (including hardware and software) providers and network operators, as well as organizations or individuals engaged in network product security vulnerability discovery, collection and publication activities shall establish and improve network product security vulnerability information receiving channel and keep it open. After discovering or being informed of the existence of security vulnerabilities in its network, information system and its equipment, it shall immediately take measures to verify and complete the debug of the security vulnerabilities in a timely manner. Violations may be punished by the Ministry of Public Security in accordance with the Cyber Security Law of the PRC.

According to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") promulgated by the Standing Committee of the National People's Congress on August 20, 2021 and effective on November 1, 2021, "personal information" is all kinds of information relating to identified or identifiable natural persons recorded by electronic or other means, excluding information after anonymization. Personal information of natural persons is protected by law, and no organization or individual may infringe upon the rights and interests of personal information of natural persons. The processing of personal information shall have a clear and reasonable purpose, and shall be directly related to the purpose of processing, and adopt a way that has the least impact on the rights and interests of individuals. The collection of personal information shall be limited to the smallest extent to achieve the purpose of processing and shall not be excessive. The personal information processor shall be responsible for its personal information processing activities and take necessary measures to ensure the security of the personal information processed. Otherwise, the personal information processor may be ordered to correct or suspend or terminate the provision of services, or confiscate the illegal income, fines or other penalties.

According to the Measures for Cybersecurity Review (《網絡安全審查辦法》) promulgated by the Cyberspace Administration of China ("CAC") in conjunction with 13 departments such as the National Development and Reform Commission on December 28, 2021 and effective February 15, 2022, (i) operators of critical information infrastructures to procure network products and services should anticipate the national security risks that may arise after the products and services are put into use. If they affect or may affect national security, the operators should report the cyber security review to the Office of Cyber Security Review; (ii) the operators of network platforms holding personal information of more than one million users, must report cyber security review when they go public abroad.

According to the Regulations for the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) issued by the CAC on November 14, 2021, data processors shall report to the cyber security review for the following activities: (i) mergers, reorganizations, or divisions of Internet platform operators that aggregate and hold a large amount of data resources related to national security, economic development, or public interest, which affect or may affect national security; (ii) the data processors that handle personal information of more than one million users going public abroad; (iii) listing of data processors in Hong Kong, which affect or may affect national security; and (iv) other data processing activities that affect or may affect national security.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, taking effect on March 1, 1983 and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, and the Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was adopted by the State Council on April 29, 2014, and went into effect on May 1, 2014 constitute the legal basis of trademark protection in China. The Trademark Office under the General Administration Department for Industry and Commerce handles trademark registration and grants registered trademarks for a validity period of 10 years. Trademarks may be renewable every ten years where a registered trademark needs to be used after the expiration of its validity period. Trademark registrants may license, authorize others to use their registered trademark by signing a trademark license contract. The trademark license agreements shall be submitted to the Trademark Office for recording. For trademarks, trademark law adopts the principle of "prior application" with respect to trademark registration. Where a trademark under registration application is identical with or similar to another trademark that has, in respect of the same or similar commodities or services, been registered or, after preliminary examination and approval, this application for such trademark registration may be rejected. Anyone applying for trademark registration shall not prejudice the existing right first obtained by anyone else, or forestall others by improper means in registering a trademark which others have already begun to use and enjoyed certain degree of influence.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, taking effect on April 1, 1985 and amended on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020, the patent administration departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government are responsible for the patent administration within their respective administrative regions. The patent system adopts a first-to-file principle, which means that when more than two persons submit patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet the criteria of novelty, inventiveness and practicability. The protection period is twenty years for an invention patent and ten years for a utility model patent and fifteen years for a design patent. Other persons may use the patent with the permission or proper authorization of the patent holder, otherwise such acts will constitute patent infringement.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, came into effect on June 1, 1991 and was amended on October 27, 2001, February 26, 2010 and November 11, 2020, the works of Chinese citizens, legal persons or other organizations, including literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, shall enjoy the copyright. Copyright holder can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, the National Copyright Administration is primarily responsible for the registration and management of national software copyright and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算機軟件保護條例》) which was promulgated by the State Council on June 4, 1991, came into effect on October 1, 1991 and was amended on December 20, 2001 and January 30, 2013.

Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which were promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, the MIIT is responsible for managing Internet network domain names of China. The principle of "first to-file" is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information about the domain name holder's identity for the registration purpose, and sign the registration agreements. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL

The Regulations of the PRC for Foreign Exchange Control (中華人民共和國外匯管理條例), promulgated by the State Council on January 29, 1996, effective from April 1, 1996 and amended on January 14, 1997 and August 5, 2008, are the main foreign exchange control laws and regulations applicable to the foreign exchange receipts and payments or foreign exchange operation activities of domestic institutions and individuals in China, as well as the foreign exchange receipts and payments or foreign exchange operation activities of institutions and individuals outside of China. In addition, the Administrative Provisions on the Settlement, Sales and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), promulgated by the PBOC on June 20, 1996 and effective from July 1, 1996, provide for the settlement, purchase and payment of foreign exchange, opening of foreign exchange accounts and foreign exchange payments by domestic institutions, resident individuals, institutions in China and personnel in China.

According to the Decision of the State Council on Canceling and Adjusting A Batch of Items Requiring Administrative Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on October 23, 2014, SAFE and its branches canceled the review and approval on the foreign exchange settlement for the repatriation of funds raised abroad under the overseas listed foreign capital stock account.

According to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after the completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》) issued by SAFE on June 9, 2016, it has been specified clearly in the relevant policies that, for the capital account foreign exchange income subject to voluntary foreign exchange settlement (including the repatriation of the proceeds from overseas listing), the domestic institutions may conduct the foreign exchange settlement at the banks according to their operation needs. The proportion of the capital account foreign exchange income subject to voluntary foreign exchange settlement was tentatively set as 100%, provided that SAFE may adjust the aforesaid proportion according to the international payment balance status in good time.

LAWS AND REGULATIONS RELATING TO TAX

Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), which was promulgated by the National People's Congress on March 16, 2007 and came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, and the Implementation Regulations of the Corporate Income Tax Law (《中華人民共和國企業所得税法實施條例》) which were issued by the State Council on December 6, 2007, came into effect on January 1, 2008, and were amended on April 23, 2019, the enterprise income tax rate is generally 25%. The enterprises are classified into as either resident enterprises or non-resident enterprises. A resident enterprise is an enterprise established in the PRC under the laws of the PRC, or an enterprise established under the laws of a foreign country (region) but with its "effective management organization" in the PRC. A resident enterprise is subject to EIT at a rate of 25% on its worldwide income. The Implementation Regulations on the EIT Law define "effective management organization" as "an organization that exercises substantial overall management and control over the production, operation, personnel, accounts and property of the enterprise". A non-resident enterprise is an enterprise that is established in accordance with the laws of a foreign country (region) and its "effective management

organization" is not located in the PRC, but has set up an establishment or venue in the PRC, or has not set up an establishment or venue in the PRC, but has income derived from the PRC. According to the Implementation Regulations on the EIT Law, a non-resident enterprise that has not established an establishment or venue in the PRC, or that has established an establishment in the PRC but the income obtained is not physically connected with the establishment or venue, shall pay enterprise income tax at a lower rate of 10% on the income derived from its source in the PRC.

Income Tax Relating to Dividend Distribution

According to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) promulgated by the SAT on 21 August 2006 and effective on 8 December 2006 and related protocols, dividends distributed by a Hong Kong enterprise should be taxed at the rate of 5% if the enterprise directly holds not less than 25% of the equity interest in a PRC company, otherwise it should be subject to withholding tax at the rate of 10% on withholding income.

In according with the Measures for Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Treaties (《非居民納税人享受協定待遇管理辦法》) which were promulgated by the State Administration of Taxation on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. If non-resident taxpayers consider they are eligible for treatments under the tax treaties through self-assessment, they may, at the time of filing tax returns or making withholding tax filings through withholding agents, enjoy the treatments under the tax treaties, and shall concurrently collect and retain the relevant documents for inspection according to relevant regulations, and accept tax authorities' post-filing administration.

Value-added Tax

According to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) which were promulgated by the State Council on December 13, 1993 and became effective on January 1, 1994, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, sales services, intangible properties and real estate and import of goods within the territory of the PRC are taxpayers of VAT. Unless otherwise specified, taxpayers engaged in the selling services and intangible properties shall pay VAT at 6%.

In accordance with Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業税改徵增值税試點的通知》) (Cai Shui [2016] No. 36), which was promulgated by the MOF and the SAT on March 23, 2016, and came into effect on May 1, 2016, the pilot program of the collection of VAT in lieu of business tax shall be promoted nationwide in a comprehensive manner starting from May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

According to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) which was promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019, and came into effect on April 1, 2019, the VAT rates were further adjusted, including: the tax rate of 16% and 10% originally applicable to general VAT taxpayers' VAT taxable sales or goods import shall be adjusted to 13% and 9%, respectively. Furthermore, from April 1, 2019 to December 31, 2021, a taxpayer engaged in production or livelihood services is allowed to have a 10% weighted deduction of creditable input VAT in the current period from the tax amount payable.

Urban Maintenance and Construction Tax and Education Surcharge

According to the Notice on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設税和教育費附加制度的通知》), issued by the State Council on October 18, 2010 and came into effect on December 1, 2010, since December 1, 2010, the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC (《中華人民共和國城市維護建設税暫行條例》) issued in 1985 and the Temporary Provisions on the Collection of Education Surcharge (《徵收教育費附加的暫行規定》) issued in 1986 by the State Council shall apply to foreign-invested enterprises, foreign enterprises and foreign individuals. The regulations, rules and policies on urban maintenance and construction tax and education surcharge issued by the State Council and other competent departments since 1985 and 1986 in charge of relevant financial and tax authorities shall also apply to foreign-invested enterprises, foreign enterprises and foreign individuals.

According to the Urban Maintenance and Construction Tax Law of the PRC (《中華人民共和國城市維護建設税法》) promulgated by the Standing Committee of the National People's Congress on August 11, 2020 and effective on September 1, 2021, the units and individuals who pay value-added tax and consumption tax within the territory of the PRC are the taxpayers of urban maintenance and construction tax. According to the Law, urban maintenance and construction tax is calculated based on the actual amount of value-added tax and consumption tax paid by the taxpayer according to the law. If the taxpayer is located in an urban area, the tax rate is 7%; if the taxpayer is located in a county or town, the tax rate is 5%; if the taxpayer is located in all other areas, the tax rate is 1%.

According to the Provisional Regulations on the Collection of Education Surcharge (《徵收教育費附加的暫行規定》) promulgated by the State Council on April 28, 1986 and amended on June 7, 1990, August 20, 2005 and January 8, 2011, the education surcharge is calculated based on the actual amount of value-added tax, business tax and consumption tax paid by each unit and individual, and the education surcharge rate is 3%, which is paid at the same time as value-added tax, business tax and consumption tax, respectively.

LAWS AND REGULATIONS RELATING TO OVERSEAS LISTING

On February 17, 2023, the CSRC promulgated six rules and regulations, including the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five supporting guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures adopt a filing and regulatory regime to regulate the direct and indirect overseas listing of securities of PRC enterprises. If a domestic enterprise fails to comply with the filing procedures as required, or if it is listed outside of China despite being prohibited from doing so, the CSRC shall order the domestic enterprise to rectify the situation, issue a warning and impose a fine of not less than RMB1,000,000 and not more than RMB10,000,000. A warning shall be given to the directly responsible officer and other directly responsible persons and a fine of not less than RMB500,000 and not more than RMB5,000,000 shall be imposed. A fine of not less than RMB500,000 and not more than RMB5,000,000 shall be imposed on the directly responsible officer and other directly responsible persons. If the controlling shareholder or the actual controller of the domestic enterprise organizes or instructs to engage in the above illegal acts, he shall be liable to a fine of not less than RMB1,000,000 and not more than RMB10,000,000.

According to the Overseas Listing Trial Measures, an issuer is considered to be a domestic enterprise for the purpose of indirect overseas listing if it meets the following conditions: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic companies; and; (ii) the main parts of the issuer's business activities are conducted in the Chinese Mainland, or its main places of business are located in the Chinese Mainland, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in the Chinese Mainland. If an issuer makes an overseas initial public offering or listing, it should file a record with the CSRC within three working days after submitting the application documents for the issuance and listing outside of PRC. The Overseas Listing Trial Measures also stipulate that in the event of any material events such as change of control, investigation or punishment by the overseas securities supervisory authority or relevant authorities, termination of listing on its own initiative or compulsory termination of listing after the issuer's overseas listing, the issuer shall report the specific circumstances to the CSRC within three working days from the date of the announcement of the relevant event.

The Overseas Listing Trial Measures also stipulate that an overseas listing shall not be allowed if any of the following circumstances exist: (i) the listing of financing is expressly prohibited by law, administrative regulations or relevant state provisions; (ii) the relevant competent department of the State Council has examined and determined in accordance with the law that the issuance and listing abroad may endanger national security; (iii) the domestic enterprise or its controlling shareholder or actual controller has, within the last three years, committed criminal offences such as corruption, bribery, embezzlement, misappropriation of property or disruption of the socialist market economic order; (iv) the domestic enterprise suspected of committing a crime or a major violation of the law is under investigation and no definite conclusion has been reached; or (v) there is a major ownership dispute over the shareholdings held by the controlling shareholder or shareholders under the control of the controlling shareholder or/and actual controller.

On the same day, in order to promote the orderly implementation of the Overseas Listing Trial Measures, the CSRC issued the Notice on the Administrative Arrangements for the Filing of Overseas Listings of Domestic Enterprises (《關於境內企業境外發行上市備案管理安排的通知》), which stipulates that domestic enterprises falling within the scope of filing are existing enterprises if they meet the following conditions: (i) having been listed outside the PRC; (ii) the application for an indirect overseas listing has been approved by an overseas regulator or an overseas stock exchange (e.g. a hearing has been approved in the Hong Kong market, a registration has been granted in the US market, etc.) prior to the date of implementation of the Overseas Listing Trial Measures, and not having to comply with the issuance and listing regulatory procedures of the overseas regulator or overseas stock exchange (e.g. re-hearing in the Hong Kong market, etc.), and completing the overseas listing before September 30, 2023. Existing enterprises are not required to make immediate filings, but should be required to do so if they are involved in subsequent filings such as refinancing. On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration of China jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Administration Provisions**"), which became effective on March 31, 2023. According to the Confidentiality and Archives Administration Provisions, if a domestic joint stock company with a direct overseas listing or a domestic operating entity with an indirect overseas listing provides or publicly discloses, or provides or publicly discloses through its overseas listed entity, documents or information involving state secrets or secrets of the work of state organs, or other documents or information the disclosure of which would adversely affect national security or public interests, the corresponding procedures shall be strictly complied with in accordance with the relevant state regulations.