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## REGULATORY OVERVIEW

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### REGULATORY AUTHORITIES

We are principally subject to the supervision of, and regulations promulgated by, the following authorities of the PRC Government and their local counterparts:

- MOHURD, which is the successor of the Ministry of Construction (建設部) (the “MOC”) and responsible for the supervision and administration of the qualification of construction enterprise, the establishment of national standards of construction, and the supervision and administration of the construction market of the PRC;
- The National Development and Reform Commission (國家發展和改革委員會) (the “NDRC”), which is responsible for the planning, reviewing and approval of construction projects with fixed asset investments;
- The Ministry of Emergency Management of the People’s Republic of China (中華人民共和國應急管理部), which is responsible for the supervision and administration of construction safety in the PRC; the respective local authorities at county level or above are responsible for the comprehensive supervision and administration of construction safety work within their respective jurisdictions; and
- The Ministry of Ecology and Environment of the People’s Republic of China (中華人民共和國生態環境部) and the local administrative authorities for environmental protection, which are responsible for the administration of environmental protection issues of construction projects, including the review and approval of environmental impact assessment documents for construction projects, the assessment of qualifications of enterprises that conduct environmental impact assessment for construction projects and the inspection and acceptance of environmental protection facilities of construction projects.

### QUALIFICATIONS

The Construction Law of the PRC (中華人民共和國建築法, the “**Construction Law**”) promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on 1 November 1997 which came into effect on 1 March 1998 and last amended on 23 April 2019, the Provisions on the Administration of Qualifications of Enterprises in the Construction Industry (建築業企業資質管理規定) promulgated by the MOHURD on 22 January 2015 which came into effect on 1 March 2015 and last amended on 22 December 2018, the Notice on Issuance of Qualification Standards of Enterprises in the Construction Industry (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 the MOHURD on 6 November 2014, implemented on 1 January 2015 and amended on 14 October 2016, the Implementing Measures of

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Premium Class Qualification Standards for General Construction Contractors (施工總承包企業特級資質標準實施辦法) promulgated by the MOHURD on 30 November 2010 and amended on 9 November 2015, the Notice on Issuance of the Construction Enterprise Qualification Management Regulations and the Implementation of Quality Standards (住房和城鄉建設部關於印發《建築業企業資質管理規定和資質標準實施意見》的通知) promulgated by the MOHURD on 31 January 2015 which came into effect on 1 March 2015 and last amended on 16 January 2020, together with other regulations, stipulate the application requirements and the scope of activities of contracting construction enterprises. Construction enterprises shall comply with the aforesaid regulations and apply for relevant qualifications to engage in the construction contracting business. Qualifications for construction enterprises are categorised into three groups, namely, general construction contracting, specialised subcontracting and labour subcontracting. The general construction contracting qualification has 12 categories and is generally divided into four classes, namely, the premium class, the first class, the second class and the third class. The specialised subcontracting qualification has 36 categories and is generally divided into three classes, namely, the first class, the second class and the third class. Labour subcontracting is regardless of category and grade. The Qualification Standards of Construction Enterprises (建築業企業資質標準) sets forth detailed provisions on the application requirements for each type and class of qualification mentioned above.

Enterprises holding the qualification for general construction contracting work may undertake construction project management services in accordance with the scope of their qualification. Such enterprises may undertake all aspects of the construction works themselves, or subcontract non-essential construction works, namely, construction works other than the construction of the main structure of the construction programme to subcontracting enterprises. Such enterprises may also hire labour subcontracting agents to carry out the construction work.

Specific requirements in relation to standards for these categories and grades have been made in the Qualification Standards of Construction Enterprises, while the premium qualification standards have been made separately in the Premium Class Qualification Standards for General Construction Contractors. In particular, for general contract of municipal public works, general contract of highway works and professional contract of steel structure works, the qualification grades are determined based on the assets, the key staff, the project performance and the technologies and equipment of an enterprise; for professional contract of foundation works, environmental protection works, construction decoration works, construction curtain wall works, hoisting facilities installation works and general contract of construction works, hydroelectric works, construction electromechanical installation works, the qualification grades are determined based on the assets, the key staff, the project performance of an enterprise; and for professional contract of formwork and scaffold fixing works and labour subcontracting, the qualification grades

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are determined based on the assets and key staff of an enterprise. Enterprises with different qualification grades undertake works with different scopes in accordance with the Qualification Standards of Construction Enterprises.

According to the Notice on Issues Concerning Adjusting the Evaluation of Net Assets for Recognition of Qualification of Construction Enterprises (關於調整建築業企業資質標準中淨資產指標考核有關問題的通知) promulgated by the MOHURD on 9 November 2015, the net assets shall be evaluated on the basis of the figures as indicated in the legal financial statement for the year on or prior to its application for qualification recognition.

Pursuant to the Administrative Measures for the Subcontracting of Housing and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程施工分包管理辦法) issued by the MOC on 3 February 2004 and last amended by the MOHURD and effective on 13 March 2019, construction work should be subcontracted to subcontracting enterprises with relevant qualifications, and labour services should be subcontracted to labour subcontracting agents with relevant qualifications. Enterprises holding subcontracting certificates may undertake projects subcontracted from a general construction contractor in compliance with relevant regulations. An enterprise that has obtained subcontracting certifications should undertake the entire subcontracting project itself but a subcontracting enterprise may subcontract any labour work to labour subcontracting agents with relevant qualifications in accordance with relevant PRC laws and regulations. If the construction enterprise needs to continue to use qualification certificates after they expire, an application for renewal shall be made within three months before the expiration.

Prior to the promulgation of the Administrative Measures of the Determination, Investigation and Handling of Breaches of the Laws on Contract-issuing and Contracting in connection with Construction Works (建築工程施工發包與承包違法行為認定查處管理辦法) (the “**Administrative Measures**”) by the MOHURD in January 2019, there was no clear definition of the term “qualification affiliation (掛靠)”. It was generally interpreted as a qualified construction company allowing unqualified persons or companies, or lending its qualification to unqualified persons and companies, to undertake construction project in its name. However, even before the promulgation of the Administrative Measures, according to the Construction Law of the PRC (中華人民共和國建築法) and the Administrative Regulations on Construction Project Quality (建設工程質量管理條例) promulgated by the State Council on 30 January 2000 and last amended on 23 April 2019, if a construction company is regarded to be involved in qualification affiliation, it may be liable to rectify the non-compliance, confiscation of illegal income, fines, being restricted from bidding new construction projects, or being ordered to suspend its business for rectification and reduce its qualification level. If the non-compliance is serious, the qualifications held by such construction company may be revoked.

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Pursuant to the Administrative Measures, “qualification affiliation (掛靠)” refers to the situation when an entity or individual undertake a construction contract in the name of any other qualified construction entity. The Administrative Measures further sets out the following circumstances shall be considered as qualification affiliation:

- (i) where an unqualified entity or individual contracts a project by borrowing the qualification of any other construction entity;
- (ii) where qualified construction entities undertake projects by the mutual borrowing of each other’s qualifications, including the borrowing of the qualification of construction entities with higher qualification grades by those with lower ones, the borrowing of the qualification of construction entities with lower qualification grades by those with higher ones, and the mutual borrowing of the qualification of construction entities with the same qualification grades; or
- (iii) where there is evidence that can support that the subcontracting involved qualification affiliation.

If a construction company is regarded to be involved in qualification affiliation by permitting other entities/individuals to undertake projects in its own name, it shall be punished in accordance with the Construction Law of the PRC and the Administrative Regulations on Construction Project Quality.

As confirmed by our Directors and the ZHURD, the business model of our Group during the Track Record Period did not involve any qualification affiliation.

The Several Opinions of the Ministry of Housing and Urban-Rural Development on Further Pushing the Development of EPC (住房城鄉建設部關於進一步推進工程總承包發展的若干意見) (Jian Shi [2016] No.93) promulgated on 20 May 2016 explicitly stipulates the main model of EPC, EPC subcontracting, responsibilities and obligations of the EPC companies and regulatory procedures of EPC project management.

Administration Rules for Construction Market in Hunan Province (湖南省建築市場管理條例) promulgated by the People’s Congress of Hunan Province on 30 August 1994 and last amended on 31 March 2021, etc. regulate construction activities Hunan Province in the construction market in terms of qualification management, construction project contracting and contracting management, construction cost and quality control.

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### PREFABRICATED CONSTRUCTION

The Guiding Opinions of the General Office of the State Council on Vigorously Developing Prefabricated Buildings (Guo Ban Fa [2016] No.71) (國務院辦公廳關於大力發展裝配式建築的指導意見(國辦發[2016]71號)) was promulgated by the General Office of the State Council on 27 September 2016, it proposes to perfect related standard, speed up to prepare national standards, industry standards and local standards for prefabricated buildings; innovates architectural design for prefabricated buildings; optimises the production of prefabricated parts and components; improves the standard of construction; promotes fully-furnished units to coordinate the construction among prefabricated construction decoration, the main structure and mechanical and electrical equipment; encourages the use of green materials; promotes the general contracting business. In principal, prefabricated buildings should apply the general contracting mode and can be tendered based on the criterion of technically complex projects.

The Action Plan for the 13th Five-Year Prefabricated Construction (Jian Ke [2017] No.77) (“十三五”裝配式建築行動方案(建科[2017]77號)) was promulgated by the MOHURD on 23 March 2017. It stipulates that the proportion of prefabricated buildings in newly constructed buildings should be more than 15% in the PRC by 2020, among which, such proportion should be more than 20% in major promoted areas, 15% in actively promoted areas and 10% in encouraged promoted areas. By 2020, over 50 prefabricated construction demonstration cities, over 200 prefabricated construction industrial bases and over 500 prefabricated construction demonstration projects will be developed, and over 30 prefabricated construction technology innovation bases will be built, all of which is exemplary and encouraging as demonstration.

According to Administrative Measures for Prefabricated Construction Demonstration City (裝配式建築示範城市管理辦法) promulgated by the MOHURD on 23 March 2017, during the development of prefabricated construction, to be recognised as a prefabricated construction demonstration city by such administrative measures entails having relatively strong industrial foundation and playing an exemplary role in the development goal, supporting policy, technological standards, project implementation and development mechanism of prefabricated construction. Each region should favour the demonstration city while formulating and implementing relevant preferential supporting policies.

According to the Implementation Opinions of the General Office under Hunan Provincial People’s Government concerning Accelerating Development of Prefabricated Buildings (Xiang Zheng Ban Fa [2017] No. 28) (湖南省人民政府辦公廳關於加快推進裝配式建築發展的實施意見湘政辦發[2017]28號) promulgated on 24 May 2017, prefabricated buildings should be adopted in certain construction projects in order to expand the coverage of prefabricated buildings, and some tasks are proposed, such as preparing industrial development plans, enhancing design and production capacity and putting more efforts into promoting the development of steel-structures

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and wood-structured prefabricated buildings, increases fiscal support, project fulfilment and financial support, implements tax concessions and plot-ratio reward, prioritises policy support for pre-sale of commercial housing and optimisation of project bidding procedures.

According to the Notice on the Implementation Plan of Green Building Creation Action in Hunan Province (湖南省綠色建築創建行動實施方案的通知(湘建科〔2021〕22號)) promulgated on 28 January 2021, by 2022, the province of Hunan will create three national demonstration cities for assembly-type buildings and six at the provincial level, 15 national assembly-type building industrial bases and 60 at the provincial level, and cultivate and publicize excellent examples of building energy efficiency and green building, and create 20 assembly-type building demonstration projects each.

The Notice of the Ministry of Housing and Urban-Rural Development on the Issuance of the 14th Five-Year Plan for the Development of the Construction Industry (住房和城鄉建設部關於印發「十四五」建築業發展規劃的通知(建市〔2022〕11號)) was promulgated by the MOHURD on 19 January 2022, which proposes to vigorously develop assembled buildings, including building a standardized design and production system for assembled buildings, improving the comprehensive benefits of assembled buildings, promoting the in-depth integration of assembled decoration and assembled buildings, vigorously promoting the application of assembled buildings, and cultivating a number of production bases for assembled buildings.

### ADMINISTRATION OF TENDER AND BID

According to the Bidding Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by the SCNPC on 30 August 1999 and amended on 27 December 2017, a tender is required for the following construction projects: (i) large-scale infrastructure, public utilities and other projects that relate to general public interests and public security; (ii) projects that are financed in whole or in part by state-owned funds or by the PRC Government; and (iii) projects that are financed by loans or financial aids from international organisations and foreign governments.

The Provisions on Engineering Projects Which Must Be Subject to Bidding (必須招標的工程項目規定) promulgated by the NDRC on 27 March 2018 and effective on 1 June 2018 and the Administrative Measures of Bidding for Construction of the House Building and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程施工招標投標管理辦法) promulgated by the MOHURD on 1 June 2001 and last amended on 13 March 2019 set out the scope of construction projects which shall be subject to bidding and provide for the specific requirements for bidding. The Provisions on Tender and Bidding of Construction Projects (工程建設項目施工招標投標辦法) promulgated by the NDRC on 8 March 2003 and amended on 11 March 2013 and the Regulations



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on the Implementation of the Bidding Law of the PRC (中華人民共和國招標投標法實施條例) promulgated by the State Council on 20 December 2011 and last amended on 2 March 2019 specify the requirements and procedures for bidding.

The Interim Provisions on the Administration of Tendering and Bidding Activities for Contracting of Housing Construction and Municipal Infrastructure Construction in Hunan Province (湖南省房屋建築和市政基礎設施工程總承包招標投標活動管理暫行規定) promulgated by the Housing and Construction Department of Hunan Province on 5 May 2017 specify the definition of construction contracting, the conditions for contracting bidding, the qualification requirements for bidder, the bidding documents, bidding notice, bidding evaluation, and contract execution during bidding process.

### ADMINISTRATION OF QUALITY CONTROL OF CONSTRUCTION PROJECTS

Pursuant to the Administrative Regulations on Construction Project Quality (建設工程質量管理條例) promulgated by the State Council on 30 January 2000 and last amended on 23 April 2019, construction enterprises, survey firms, designers and project supervisory enterprises shall be responsible for the quality of their construction works. For construction projects, where all of the construction works are governed by a main contract, the main contractor of the construction project shall be responsible for the quality of the whole project. Whereas if the main contractor subcontracts the construction works to a subcontractor, the subcontractor shall be liable to the main contractor when the quality of the subcontracted works fails to meet the standard provided by the contract between them, and the main contractor and subcontractor shall be jointly and severally responsible for the quality of the subcontracted works. Quality warranty system shall be adopted for construction works projects. If any quality problem occurs, which falls within the scope of quality warranty and the warranty period, the construction entity shall perform the warranty obligation and be liable for the compensation of losses therefrom.

Pursuant to the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) amended and implemented by the MOHURD on 19 October 2009, the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) promulgated and implemented by the MOHURD on 2 December 2013 and the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure of Hunan Province (湖南省房屋建築和市政基礎設施工程竣工驗收備案管理實施辦法) promulgated on 23 December 2019 and implemented on 15 January 2020, upon the completion of a property development project, the property developer shall organise construction completion acceptance examination conducted by competent institutions, and within 15 days from the date on which the

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acceptance examination of the project is passed, the property developer shall conduct filing with the competent construction department of the people's government at or above county level at the place where the project is located.

### CONSTRUCTION WORKS COMMENCEMENT PERMIT

According to the Administrative Measures for Construction Permits of Building Projects (建築工程施工許可管理辦法) promulgated by the MOHURD on 15 October 1999 and last amended on 30 March 2021, for construction and decoration works in respect of various housing construction and auxiliary facilities thereof, installation of circuits, pipelines and equipment, as well as construction of infrastructural works for cities and towns, the construction enterprise shall apply for construction permits from the competent department in accordance with the regulations of the Administrative Measures for urban-rural development of housing of the local people's government at or above county level where the construction is located prior to the commencement of works.

It is not necessary to apply for construction permits for construction works of investment amount less than RMB0.3 million or which the gross floor area is less than 300 sq.m. The administrative authority in charge of housing and urban-rural development of the people's government of a province, autonomous region or municipality directly under the Central Government may, in accordance with the specific circumstances prevailing in their respective regions, readjust these limits and notify the department under the State Council responsible for construction for its records. For any construction project for which the construction commencement report has been approved in accordance with the authority and procedures requirements as specified by the State Council, the construction enterprise concerned shall not be required to apply for a construction permit.

### CONSTRUCTION SAFETY

The Work Safety Law of the PRC (中華人民共和國安全生產法) which was issued on 29 June 2002, last amended on 10 June 2021 and came into effective on 1 September 2021, provides that a production enterprise must meet the national standards or industry standards on work safety and provide the required work conditions as set out in the relevant laws, administrative rules and national or industry standards. An entity that cannot provide required work conditions shall not engage in production activities. A production enterprise must present prominent warning signs at relevant dangerous operation sites, facilities and equipment.

According to the Regulations on the Administration of Work Safety of Construction Projects (建設工程安全生產管理條例) issued on 24 November 2003 and came into effect on 1 February 2004, in the case of a project covered by a main contract, the main contractor will be liable for the



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general work safety of the construction site and assume joint and several liabilities for the sub-contracted portions of the project together with the sub-contractors. In the case of a construction work covered by a main contract, the accidental injury insurance premium shall be paid by the main contractor. The period covered by the insurance policies should commence on the start date of the construction project and terminate on the date of the inspection and acceptance upon the completion of the project.

### **Work safety licences**

Pursuant to the Work Safety Law of PRC (中華人民共和國安全生產法), the Regulation on the Administration of Work Safety of Construction Projects (建設工程安全生產管理條例), the Regulation on the Work Safety Licenses (安全生產許可證條例) issued by the State Council on 13 January 2004 and last amended on 29 July 2014, and the Provisions on the Administration Regulation on Work Safety License of Construction Enterprise (建築施工企業安全生產許可證管理規定) promulgated by the MOC on 5 July 2004, implemented on the same date and further amended by the MOHURD on 22 January 2015, construction enterprises shall be subject to the work safety licence system implemented by the PRC Government and apply for a work safety licence (安全生產許可證). The work safety licence shall be valid for three years. A construction enterprise should apply for renewing the licence three months before its expiration. Before undertaking any construction activity, a construction enterprise shall file an application to the competent department of construction at or above the provincial level for obtaining a work safety licence. Without work safety licences, construction enterprises shall not engage in construction activities. The competent department of construction shall, when making examination and issuing a construction licence, examine whether the construction enterprise has obtained a work safety licence. If the enterprise fails to obtain a work safety licence, it shall not be issued a construction licence. If a construction enterprise suffers any major safety accidents, its work safety licence will be suspended temporarily and it shall make the rectification within a prescribed time.

### **Accident prevention**

To ensure construction safety and prevent accidents, the Provisions on the Falling Substance Accident Prevention of the Construction Projects (建築工程預防高處墜落事故若干規定), promulgated by the MOC on 17 April 2003 sets out strict rules on staff and equipment requirements for height operation under a strict liability regime. Pursuant to the Provisions on Collapse Prevention of Construction Projects (建築工程預防坍塌事故若干規定) promulgated by the MOC on 17 April 2003, in order to prevent accidents and ensure construction safety, the enterprise engaged in engineering construction, reconstruction, expansion and other activities is required to formulate the construction plan, which should be strictly based on the geological conditions, construction technologies, working conditions and the surrounding environment.

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### Safety training and labour protection

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法), issued by the SCNPC on 5 July 1994 and amended and effective on 29 December 2018, an employer must establish a sound labour safety and hygiene system and shall strictly implement state rules and standards of labour safety and hygiene, conduct labour safety and hygiene education among its employees to prevent accidents and reduce occupational hazards. An employee must strictly observe operational safety procedures.

Pursuant to the Interim Measures of Construction Workers Using Personal Protective Equipment (建築施工人員個人勞動保護用品使用管理暫行規定), issued by the MOC and effective on 5 November 2007, all construction workers must receive regular safety training and adhere to the principle of training first, before carrying out their work. In addition, the use and management of safety equipment in the construction site and the personal safety equipment for construction workers are also strictly regulated.

### Work safety accidents regulations

Pursuant to the Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (生產安全事故報告和調查處理條例), issued by the State Council on 9 April 2007 and effective on 1 June 2007, work safety accidents that cause personal injuries or deaths or direct economic losses shall be generally categorised as follows:

- (i) particularly significant accidents shall refer to accidents that cause more than 30 deaths, or serious injuries of more than 100 people (including acute industrial poisoning, hereinafter the same), or direct economic losses of more than RMB100 million;
- (ii) significant accidents shall refer to accidents that cause more than ten deaths but less than 30 deaths, or serious injuries of more than 50 people but less than 100 people, or direct economic losses of more than RMB50 million but less than RMB100 million;
- (iii) relatively significant accidents shall refer to accidents that cause more than three deaths but less than ten deaths, or serious injuries of more than ten people but less than 50 people, or direct economic losses of more than RMB10 million but less than RMB50 million; and
- (iv) general accidents shall refer to accidents that cause less than three deaths, or serious injuries of less than ten people, or direct economic losses of less than RMB10 million.

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### PROJECT PRICING

The Provisional Regulations on Construction Project Management for Contracting Price (建設工程施工發包與承包價格管理暫行規定), issued by the MOC on 5 January 1999, the Pricing Management Approach of Contracting of Construction Projects (建築工程施工發包與承包計價管理辦法), issued by the MOHURD on 5 November 2001, amended on 11 December 2013 and effective on 1 February 2014 and the Interim Measures for Settling Construction Price (建設工程價款結算暫行辦法), issued by the Ministry of Finance and the MOC on 20 October 2004, set forth the construction cost, pricing, valuation methods, the time of payment and dispute resolution methods of the construction projects.

### GOVERNMENT INVESTMENT REGULATION

Pursuant to the Government Investment Regulation (政府投資條例) issued by the State Council on 14 April 2019 and effective on 1 July 2019, government investment projects shall be fully funded in accordance with relevant regulations. It also stipulates that advance payment by construction enterprise is not allowed in government investment projects.

### PRIORITY OF COMPENSATION

According to the Civil Code of the PRC (中華人民共和國民法典) promulgated by the NPC on 28 May 2020 and became effective on 1 January 2021, where the property developer does not make payments as agreed, the contractor may demand the property developer to make the said payments within a reasonable period of time. Where the property developer has not made the said payments within the said period of time, then except where it is not appropriate to conduct a sale at a depreciated price or an auction due to the nature of the construction project, the contractor may conclude an agreement with the developer to sell off the project, or may apply to the People's Court for the said project to be auctioned in accordance with the law. With respect to all monies received in selling off or auctioning the said project, priority shall be given to using the monies to make the relevant payments on the construction project.

### INTELLECTUAL PROPERTY

According to the Patent Law of the PRC (中華人民共和國專利法) promulgated by the SCNPC on 12 March 1984 and last amended on 17 October 2020 and effective on 1 June 2021 and the Detailed Rule for the Implementation of Patent Law (中華人民共和國專利法實施細則) promulgated by the State Council on 15 June 2001 and last amended on 9 January 2010, patent is divided into three categories which include invention patent, utility model patent, and design patent.

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Invention patent is intended to protect new technical solution for a product. The applicant for invention patent must prove that the subject matter product possesses novelty, creativity and practical applicability. The grant of invention patent is subject to disclosure and publication. The patent administrative authority conducts a substantive review within three years from the date the application is filed. The term of protection is 20 years from the date of application.

Utility model patent is intended to protect new technical solution in relation to a product’s shape, structure or a combination thereof, which is fit for practical use. The utility model patent is subject to the disclosure and publication upon application. The term of protection is 10 years from the date of application.

Design patent is intended to protect new design of a product’s shape, pattern or combination thereof as well as its combination with the colour and the shape or pattern of a product, which creates an aesthetic feeling and is fit for industrial application. The term of protection is 10 years from the date of application.

### ANTI-UNFAIR COMPETITION LAW

The principal legal provisions governing market competition are set out in the Anti-unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) (the “**Anti-Unfair Competition Law of the PRC**”), which was promulgated by the SCNPC on 2 September 1993 and then amended respectively on 4 November 2017 and 23 April 2019. The Anti-Unfair Competition Law of the PRC provides that business operators shall not perform any of the following acts enabling people to mistake its goods for those of someone else or speculate that there are certain relations between the aforesaid goods:

- using of marks identical or similar to the names, packaging or decorations of the goods of someone else without proper authorisation, which are influential to some extent;
- using the names (including any shortened name, business name, pen name, stage name, translated name, etc., if applicable) of some other enterprises, social groups or individuals without proper authorisation, who are influential to some extent;
- using the main part of the domain name, website name or webpage without proper authorisation, which are influential to some extent; or
- other confusing acts sufficient for enabling people to mistake its goods for those of someone else or reckon that there are certain relations between the aforesaid goods.

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Violations of the Anti-Unfair Competition Law of the PRC may result in the imposition of fines and, in serious cases, the revocation of business licenses, as well as the incurrence of criminal liability.

### REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

In accordance with the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated on 26 December 1989 and last amended on 24 April 2014 by the SCNPC, the Law on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法) promulgated on 11 May 1984 and last amended on 27 June 2017 by the SCNPC, the Law on the Prevention and Control of Air Pollution (中華人民共和國大氣污染防治法) promulgated on 5 September 1987 and last amended on 26 October 2018 by the SCNPC, the Law on the Prevention and Control of Solid Waste Pollution (中華人民共和國固體廢物污染環境防治法) promulgated on 30 October 1995 and last amended on 29 April 2020 by the SCNPC, and the Law on the Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法) promulgated by the SCNPC on 29 October 1996 and amended on 29 December 2018, the construction of any project that causes pollution shall adopt measures to prevent and control pollution and damage to environment caused by waste gas, waste water, waste residue, medical wastes, dust, malodorous gases, radioactive substances, noise, vibration, optical radiation, electromagnetic radiation, and other substances generated during construction. Different penalties may be imposed for violation of above laws depending on individual circumstances and the extent of contamination. Such penalties may include warnings, fines, orders to stop production or close down, specifically, non-compliance with the Law on the Prevention and Control of Air Pollution (中華人民共和國大氣污染防治法) by a company could cause the company be liable to a fine of RMB100,000 to RMB1,000,000 upon conviction, non-compliance with the Law on the Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法) by a company could result in a fine for both the company and the person-in-charge, non-compliance with the Law on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法) by a company could cause the company be subject to a fine of RMB20,000 to RMB200,000 upon conviction, and non-compliance with the Law on the Prevention and Control of Solid Waste Pollution (中華人民共和國固體廢物污染環境防治法) by a company may result in a fine of RMB50,000 to RMB1,000,000 upon conviction.

Pursuant to the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法) promulgated by the SCNPC on 28 October 2002 and last amended on 29 December 2018, the Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例) promulgated by the State Council on 29 November 1998 and last amended on 16 July 2017, and Category-based Management Directory on the Environmental Impact Assessment for Construction Projects (建設項目環境影響評價分類管理名錄) promulgated by the Ministry of Environmental Protection on 2 September 2008 and last amended on 30

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November 2020, depending on the impact of the project on the environment, either an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a property developer before the relevant authorities granting approval for the commencement of construction projects. The project construction shall not proceed in case its environmental impact assessment documents fail to pass the review of the competent authority in accordance with the laws and regulations or which are disapproved after review. The property developer commencing the construction without preparing the required environmental impact assessment documents or without obtaining the approval of the relevant government authorities could be subject to a fine ranging from 1% to 5% of the overall investment amount for such construction project depending on the materiality and consequences of such violations, and it may be ordered to restore the construction site to its original state.

Pursuant to the Environmental Protection Tax Law of the People's Republic of China (中華人民共和國環境保護稅法) issued by the SCNPC on 26 October, 2018 and became effective on the same date, enterprises, entities and other production operators that discharge taxable pollutants directly to the environment within the territorial areas of the PRC and other sea areas under the jurisdiction of the PRC are the taxpayers of the environmental protection tax and should pay environmental protection tax based on the requirements of the law. Pursuant to Article 62 of the Law of Administration of Tax Collection of the PRC, where, within the prescribed time limit, a taxpayer fails to go through the formalities for tax declaration and submit information on tax payment or a withholding agent fails to submit to the tax authorities statements on taxes withheld and remitted or collected and remitted and other relevant information, he or she shall be ordered by the tax authorities to rectify within a time limit and may be liable for a fine not more than RMB2,000; and if the circumstances are deemed serious, he or she may be liable for a fine not less than RMB2,000 but not more than RMB10,000.

## TAXES

### Enterprise income tax

Pursuant to the Enterprises Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "EIT Law") which was promulgated by the National People's Congress on 16 March 2007 and last amended on 29 December 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) which was promulgated by the State Council on 6 December 2007 with effect from 1 January 2008, and was last amended on 23 April 2019 with effect from the same date, a uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such incomes are obtained outside the PRC but have an actual connection with the set-up institutions or sites. Furthermore, resident enterprises, which refer to enterprises that are set up in accordance



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with the PRC law, or that are set up in accordance with the law of the foreign country (region) but with its actual administration institution in the PRC, shall pay enterprise income tax originating both within and outside the PRC. While non-resident enterprises that have set up institutions or premises in the PRC shall pay enterprise income tax in relation to the income originating from the PRC and obtained by their institutions or establishments, as well as the income incurred outside the PRC but with an actual relationship with the institutions or establishments set up by such enterprises. Where non-resident enterprises that have not set up institutions or establishments in the PRC, or where institutions or establishments are set up in the PRC but there is no actual relationship with the income obtained by the institutions or establishments set up by such enterprises, they shall only pay enterprise income tax in relation to the income originating from the PRC.

The Administrative Measures for Determination of High-tech Enterprises (高新技術企業認定管理辦法) issued by the Ministry of Science and Technology, the MOF and the SAT on 29 January 2016 and became effective on 1 January 2016, the High-tech Technology Areas Entitled to the Key Support of the State (國家重點支持的高新技術領域) issued by the Ministry of Science and Technology on 5 February 2016 and became effective on the same date and the EIT Law set out the sort of enterprises that are capable of enjoying tax reduction.

Pursuant to the Circular of the State Administration of Taxation on the Issues Concerning Implementation of the Preferential Income Tax Policy for New High-Tech Enterprises (國家稅務總局關於實施高新技術企業所得稅優惠政策有關問題的公告) issued on 19 June 2017, the enterprise income tax rate of new high-tech enterprises requiring national major support should be reduced to 15%. The new high-tech areas with national major support, the administrative measures for the accreditation of new high-tech enterprises and the enterprise income tax law provide for the business types entitled to tax reduction.

### **Withholding income tax**

In addition, pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) signed on 19 July 2019, which was effective on 6 December 2019 and newly applicable to income derived in any year of assessment commencing on or after 1 January 2020 in Mainland China and to any year commencing on or after 1 April 2020 in Hong Kong, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds 25% or more of equity interest in each of such PRC subsidiary at the time of the distribution, or a rate of 10% if it holds less than 25% equity interest in that subsidiary.

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According to the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Agreements (非居民納稅人享受協定待遇管理辦法) promulgated by the SAT on 14 October 2019 and became effective on 1 January 2020, the withholding tax rate of 5% does not automatically apply. To enjoy the treatment of tax treaties on the dividend clause of the tax treaty, an enterprise shall apply to the local competent tax authorities for approval.

### VAT

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例) promulgated by the State Council on 13 December 1993 and last amended on 19 November 2017 and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Taxes (中華人民共和國增值稅暫行條例實施細則) promulgated by the Ministry of Finance on 25 December 1993, and last amended on 28 October 2011, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC shall pay VAT in accordance with the nature of the sold and imported goods or labour service. The amount of tax payable shall be calculated based on the output tax for current period minus current input tax.

The Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知) (the "Circular 36"), promulgated on 23 March 2016 and last amended on 20 March 2019, provides that upon approval by the State Council, the pilot programme of the collection of VAT in lieu of business tax shall be implemented nationwide with effect from 1 May 2016 and all business tax payers in the construction industry, property industry, finance industry and consumer service industry, etc. shall be included in the scope of the pilot programme and pay VAT in lieu of business tax. According to Circular 36 and the Interim Regulation of PRC on Value Added Tax (中華人民共和國增值稅暫行條例) promulgated by the State Council on 13 December 1993 and last revised on 19 November 2017, the VAT rate to be imposed on construction services shall be 11%. According to the Notice of the Ministry of Finance and the SAT on Adjusting Value-added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知) promulgated on 4 April 2018, the tax rate of 11% applicable to any taxpayer's VAT taxable construction services shall be adjusted to 10%. According to the Announcement of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告) promulgated on 20 March 2019 and came into effect on 1 April 2019, the tax rate of 10.0% applicable to any taxpayer's VAT taxable construction services shall be adjusted to 9.0%.

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### LABOUR PROTECTION AND SOCIAL SECURITY

On 5 July 1994, the SCNPC promulgated The Labor Law of the PRC (中華人民共和國勞動法), which was implemented since 1 January 1995 and last amended on 29 December 2018. On 29 June 2007, the SCNPC promulgated Labor Contract Law of the PRC (中華人民共和國勞動合同法), which was implemented since 1 January 2008 and last amended on 28 December 2012. In addition, the State Council promulgated 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) on 18 September 2008. Pursuant to the above-mentioned laws and regulations when an employer hires an employee, it should sign a written labour contract with the employee and the employees' salary must not be lower than the local minimum wage.

As required under the Regulations of Insurance for Labor Injury (工傷保險條例) promulgated by the State Council on 27 April 2003 and last amended on 20 December 2010, the Provisional Measures for Maternity Insurance of Employees of Enterprises (企業職工生育保險試行辦法) issued on 14 December 1994 by the Ministry of Labor (the predecessor of the Ministry of Human Resources and Social Security of the PRC), the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of Employees of Enterprises (關於建立統一的企業職工基本養老保險制度的決定) issued by the State Council on 16 July 1997, the Decisions on the Establishment of the Basic Medical Insurance Program for Urban Workers (關於建立城鎮職工基本醫療保險制度的決定) issued by the State Council on 14 December 1998, the Unemployment Insurance Measures (失業保險條例) issued by the State Council on 22 January 1999, the Social Insurance Law of the PRC (中華人民共和國社會保險法) issued by the SCNPC on 28 October 2010 and last amended on 29 December 2018, the Provisional regulations for the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated by the State Council on 22 January 1999 and amended on 24 March 2019, and the Provisions for Implementation of the Social Insurance Law of the PRC (實施〈中華人民共和國社會保險法〉若干規定) issued on 29 June 2011 and effective on 1 July 2011, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance. If an enterprise fails to pay the required premiums on time or in full, the authorities in charge will demand the enterprise to settle the overdue amount within a stipulated time period and impose a 0.05% overdue fee. If the overdue amount is still not settled within the stipulated time period, a fine in an amount of one to three times of the overdue amount will be imposed.

According to the Regulations concerning the Administration of Housing Provident Fund (住房公積金管理條例) promulgated by the State Council on 3 April 1999 and last amended on 24 March 2019, enterprises must register with the competent managing centre for housing provident funds and, upon the examination by such managing centre of housing provident fund, complete procedures for opening an account at the relevant bank for the deposit of employees' housing

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provident funds. Employers are required to contribute, on behalf of their employees, to housing provident funds. The contribution rates to housing provident fund for both employees and employers shall not be less than five percent of the average monthly salary of an individual employee in the previous year. Where an employer fails to make deposit registration of the housing provident fund or failing to open a housing accumulation fund account for its employees, it shall be ordered by the competent managing centre for housing provident funds to make up the procedures within a stipulated time; if it fails to make up the procedures within the stipulated time, it shall be given a fine of RMB10,000 to RMB50,000. Where an employer fails to contribute or underpays the housing funds it may be fined and ordered to make the contribution within a stipulated time limit. Where the contribution has not been made after the expiration of the time limit, an application may be made to the people's court for compulsory enforcement.

Pursuant to the Notice of the Ministry of Labor on the Implementation of the Labor Contract System (勞動部關於實行勞動合同制度若干問題的通知), issued and effective on 31 October 1996, if retirees who have enjoyed pension benefits are rehired, the employers should conclude a written agreement with them. Such agreement should include the clear content of the job, compensation, medical care, labour protection treatment, other rights and obligations.

### DEMERGER

According to the PRC Company Law promulgated by the SCNPC on 29 December 1993 and last amended on 26 October 2018, a company could be demerged into several companies. In the event of a demerger, the company shall hold a shareholders' meeting, prepare a balance sheet and a list of assets. The shareholders' resolution on demerger shall be passed by shareholders holding two-thirds or more of the voting rights. The company shall notify its creditors within 10 days and publish an announcement on a newspaper within 30 days from the date of the shareholders' resolution on demerger.

Pursuant to the Opinions of State Administration for Industry and Commerce on Proper Handling of Registration of Merger and Demerger of Companies to Support Enterprises' Merger and Restructuring (關於做好公司合併分立登記支持企業兼併重組的意見) promulgated by the former SAIC on 28 November 2011, a company may choose to demerge into two or more new companies with the original company staying, or two or more new companies with the original company being dissolved. Appraisal of the value of assets is not required for a demerger under the PRC laws.

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### REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in PRC is governed by the PRC Company Law. A foreign-invested company is also subject to the PRC Company Law unless otherwise provided by the foreign investment laws.

Pursuant to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (外商投資准入特別管理措施(負面清單) (2021年版)) was promulgated by the MOFCOM and the NDRC on 27 December 2021 and became effective on 1 January 2022, our Group's current business which involves construction contracting does not fall within the scope of the Negative List.

Pursuant to the Interim Provisions on Investment by Foreign-invested Enterprises in the PRC (關於外商投資企業境內投資的暫行規定) promulgated on 25 July 2000, implemented on 1 September 2000 and last amended and implemented on 28 October 2015, foreign-invested enterprises can invest in the encouraged and permitted industries but are not allowed to invest in the prohibited industries.

Pursuant to the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "**Foreign Investment Law**") promulgated by the SCNPC on 15 March 2019, effective as at 1 January 2020, the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法), the Law of the PRC on Sino-foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法) and the Law of the PRC on Sino-foreign Contractual Joint Ventures (中華人民共和國中外合作經營企業法) have been repealed on 1 January 2020. The investment activities of foreign individuals, enterprises or other organisations (hereinafter referred to as foreign investors) directly or indirectly within the territory of the PRC shall comply with and be governed by the Foreign Investment Law. According to the Foreign Investment Law, the State Council shall implement the management systems of pre-establishment national treatment and negative list for foreign investment, and shall give national treatment to foreign investment beyond the negative list.

In Accordance with the M&A Rules promulgated by the MOFCOM on 8 August 2006 and amended on 22 June 2009, a foreign investor is required to abide by the M&A Rules when he/she (i) establishes a foreign-funded enterprise either by acquiring equity in a domestic non-foreign invested enterprise, or subscribing for new equity in a domestic enterprise via an increase of registered capital; or (ii) establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. Approval from the MOFCOM is required if a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him.

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### FOREIGN CURRENCY EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administrative Regulations (外匯管理條例) (the “SAFE Regulations”) which was promulgated by the State Council on 29 January 1996 and last amended on 5 August 2008. Under the SAFE Regulations, RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the State Administration of Foreign Exchange (the “SAFE”) is obtained.

In accordance with SAFE Circular No. 13 promulgated on 13 February 2015 and amended on 30 December 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the SAFE Circular No. 13, while the SAFE and its branches shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) promulgated on 30 March 2015, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation. The capital of a foreign-invested enterprise and the RMB funds obtained from the exchange settlement thereof shall not be used for the following purposes: (i) for expenditures, directly or indirectly, beyond the enterprises business scope or those prohibited by the laws and regulations of the PRC; (ii) for investment, directly or indirectly, in securities, unless otherwise provided by laws and regulations; (iii) for the issuance, directly or indirectly, of entrusted RMB loans (excluding those that are permitted within the business scope), repayment of inter-company loans (including advances by third parties) and the repayment of RMB loans from banks relent to third parties; (iv) for the payment of relevant fees to the purchase of real estate property not for own use, except for foreign-invested real estate enterprises.

Pursuant to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) issued and became effective on 9 June 2016, discretionary settlement of foreign exchange receipts under the capital account means that domestic institutions may settle their foreign exchange receipts under the capital account (including foreign exchange capital, foreign debts and repatriated funds raised through overseas listing) with banks as actually needed for business operation.



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According to the SAFE Circular No. 37 promulgated on 4 July 2014, before contributing capital to a special-purpose company with its legal assets or interests within or outside the PRC, a domestic resident shall apply to the foreign exchange authority for undergoing the foreign exchange registration procedure for foreign investment. “Special-purpose company” means an overseas enterprise directly formed or indirectly controlled for investment or financing purposes by a domestic resident (domestic institution or domestic resident individual) with the assets or interests it legally holds in a domestic enterprise, or with the overseas assets and interests it legally holds. A foreign-funded enterprise formed by way of round-tripping investment shall undergo the relevant foreign exchange registration procedure in accordance with the current provisions on foreign exchange administration of foreign direct investment. “Round-tripping investments” means the direct investments made in the PRC by domestic residents directly or indirectly through special-purpose companies, namely, the behaviour of establishing foreign-funded enterprises or projects in the PRC by formation, acquisition, merger, or any other means, and acquiring interests, such as ownership, control, or operating right, in them.

Pursuant to the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的規定) promulgated by the SAFE on 10 May 2013 and last amended on 30 December 2019, the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

### REGULATIONS RELATING TO OVERSEAS LISTING

On 17 February 2023, the CSRC formally released the Trial Administrative Measures of 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 “**Trial Overseas Listing Measures**”) and five filing guidelines, which are expected to take effect on 31 March 2023. The Trial Overseas Listing Measures will regulate both direct and indirect overseas offerings and listings of securities by PRC domestic companies by adopting a filing-based regulatory regime.

Pursuant to the Trial Overseas Listing Measures, if the issuer both meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any 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; (ii) the main part of the issuer’s business activities are conducted in the PRC, or its origin of business are mainly located in the PRC, or the majority of the issuer’s senior management in

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charge of the management of business operations are PRC citizens or have their usual place(s) of residence located in the PRC. Where an issuer submits an application for initial public offering for overseas offering or listing directly or indirectly, such issuer must file with the CSRC within three business days after such application is submitted overseas. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

On 17 February 2023, the CSRC also held a press conference for the release of the Trial Overseas Listing Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知), which, among others, clarifies that (1) the domestic companies that have already been listed overseas on or before the effective date of the Trial Overseas Listing Measures (i.e. 31 March 2023) shall be deemed as existing applicants (存量企業) (the “**Existing Applicants**”). Existing applicants are not required to complete the filing procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved; (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Overseas Listing Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as pass of hearing for listing in Hong Kong or the effectiveness of registration statement for listing in the U.S.), but have not completed the indirect overseas listing; if such domestic companies complete their overseas offering and listing within such six-month period (i.e., on or prior to 30 September 2023), they will be deemed as Existing Applicants. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory authority or securities exchanges (such as being required to go through a new hearing procedure in Hong Kong), or if they fail to complete their indirect overseas issuance and listing, such domestic companies shall complete the filing procedures with the CSRC within 3 business days after submitting valid applications for overseas offering and listing; (3) for applicants who have received approval from the CSRC for a direct overseas listing, they may continue to pursue the overseas listing during the validity period of the approval. Those who have not completed the overseas issuance and listing upon the expiry of the approval period should file the application as required; and (4) for the overseas listing of companies with contractual arrangements (VIE structure), the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of companies with these domestic companies which duly meet their compliance requirements, and support their development and growth by enabling them to utilise both markets and their resources.

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The Trial Overseas Listing Measures provide that, an overseas offering and listing is prohibited under any of the following circumstances: if (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the last three years; (iv) the domestic company intending to make the securities offering and listing suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

Based on the above and the current expected timetable of the [REDACTED] that the [REDACTED] will take place before the effective date of the Trial Overseas Listing Measures, our PRC Legal Advisers are of the view that we do not need to perform the record-filing procedures for the [REDACTED] and the [REDACTED].