A summary of the main PRC laws and regulations applicable to our current business and operations is set out below.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT

Negative List

The investment activities conducted by foreign investors in the PRC shall be regulated under the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**Negative List 2021**") with effect from 1 January 2022, which were jointly issued by NDRC and MOFCOM. The Negative List 2021 contains a list of fields that foreign investment is restricted or forbidden. Our current businesses do not fall within the Negative List 2021.

Company Establishment

The Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**") promulgated on 29 December 1993 and last amended on 26 October 2018 with immediate effect regulates the establishment, operation and management of corporate entities in the PRC. Pursuant to the Company Law, foreign-invested limited liability companies shall be subject to the Company Law and any stipulations by other PRC laws governing foreign investment shall prevail over the Company Law.

Foreign Investment

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") adopted by the National People's Congress of the PRC ("**NPC**") on 15 March 2019 with effect from 1 January 2020, repealing simultaneously 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》) (the "**Law of Joint Ventures**") and the Law of the PRC on Wholly Foreign-owned Enterprise (《中華人民共和國外資企業法》) (the "**Law of Foreign-owned Enterprise**"), the government of PRC shall implement the management systems of pre-establishment national treatment and negative list for foreign investment and the foreign investors shall not invest in any field prohibited by the negative list for foreign investment access. The Foreign Investment Law shall further regulate the organisation form, institutional framework and standard of conduct of a foreign-invested enterprise, which shall be subject to the provisions of the Company Law, the Partnership Enterprise Law of the PRC (《中華人民共和國合夥企業法》) and other applicable laws.

On 30 December 2019, the MOFCOM and State Administration for Market Regulation (國家市場監督管理總局) jointly promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the "**Foreign Investment Reporting Measures**"), which came into effect on 1 January 2020 and repealed the Provisional Measures on Administration of Filing for Establishment and Change of Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). According to the Foreign Investment Reporting Measures, the requirement of record-filing with or

approval from the MOFCOM is replaced with a reporting requirement, regardless of whether such foreign investment is subject to the PRC government's special entry administration measures.

LAWS AND REGULATIONS ON FINANCE LEASE INDUSTRY

Laws and regulations under the supervision of the MOFCOM

On 22 October 2004, the MOFCOM and the STA jointly promulgated the Notice of the Ministry of Commerce and the State Administration of Taxation on Relevant Issues Concerning the Engagement of Financial Leasing Business (《商務部、國家税務總局關於從事融資租賃業務有關問題的通知》) (the "**2004 Notice**"), the domestic-funded finance lease pilot enterprises shall meet certain conditions. For instance, the minimum registered capital of domestic-funded finance lease enterprises established on or before 31 August 2001 and between 1 September 2001 and 31 December 2003 shall reach RMB40 million and RMB170 million, respectively.

Nonetheless, the 2004 Notice does not provide for the minimum registered capital of domestic-funded finance lease pilot enterprises established after 31 December 2003 and there are no official requirements on the minimum registered capital of such enterprises issued by the MOFCOM, the STA and other competent authority. According to the 2004 Notice, the risk assets of any domestic-funded finance lease pilot enterprise shall not exceed 10 times of its total registered capital.

The Measures for Finance Lease Enterprises (《融資租賃企業監督管理辦法》) (the "**Measures for Finance Lease Enterprises**") promulgated by MOFCOM on 18 September 2013 and became effective on 1 October 2013 strengthen the regulation over both domestic and foreign-invested finance lease enterprises.

According to the Measures for Finance Lease Enterprises, foreign investors applying to establish a finance leasing enterprise shall comply with the relevant provisions on foreign investment and the Measures for Finance Lease Enterprises do not further distinguish between domestic-funded finance lease enterprises and foreign-invested enterprises. Before the issuance of the Decisions of MOFCOM on repealing and modifying partial regulations (《商務部關於廢止和修改部分規章的決定》) (the "**Repealing Decisions**") on 22 February 2018, the main regulations on foreign investment in the PRC finance lease industry included the Administrative Measures on Foreign-Invested Lease Industry (《外商投資租賃業管理辦法》) with last amendment on 28 October 2015, which mainly require that foreign investors investing directly in the PRC finance lease industry must each have total assets of no less than US$5 million and the risk assets of a foreign-invested finance lease enterprise which are the total amount of residual assets determined by deducting cash, bank deposit, PRC treasury securities and entrusted leased assets from the total assets of the enterprise, shall not exceed 10 times of its total net assets. However, according to the Repealing Decisions, the Administrative Measures on Foreign-Invested Lease Industry have been repealed since 22 February 2018 and there are no official and specialised regulations on foreign-invested finance lease enterprises issued by the MOFCOM or CBIRC afterwards. Nonetheless, as

advised by our PRC Legal Advisers, our Directors believe that the definition of "risk assets" as stated therein is still applicable for us to use for the purpose of calculating risk assets as at the Latest Practicable Date.

According to the Measures for Finance Lease Enterprises, MOFCOM and the provincial-level commerce authorities are in charge of the supervision and administration of finance lease companies. A finance lease company shall, according to the requirements of MOFCOM, report the relevant data in a timely and truthful manner through the National Finance Lease Enterprise Management Information System (全國融資租賃企業管理信息系統). Specifically, a finance lease company shall, within 15 working days after the end of each quarter, submit the statistics on and summary of its operations in the preceding quarter, and prior to 30 April of each year, submit the statistics on and summary of its operations in the preceding year as well as its financial and accounting report (including the notes appended thereto) audited by an audit body for the preceding year. In the event of a change of name, relocation to another region, increase or decrease of registered capital, change of organisational form, adjustment of ownership structure or other changes, a finance lease company shall report to the competent provincial-level commerce authority in advance. A foreign-invested finance lease company that undergoes the said changes shall go through the approval and other procedures in compliance with the relevant provisions. A finance lease company shall, within five working days after completing the change registration with the State Administration for Market Regulation or its local counterparts, log into the National Finance lease Enterprise Management Information System to modify the relevant information.

The Measures for Finance Lease Enterprises explicitly stipulate the business scope of a finance lease company. A finance lease company may conduct its finance lease activities by way of a direct lease, sublease, leaseback, leveraged lease, entrusted lease and joint lease within the limits of applicable laws, regulations and rules. A finance lease company shall operate finance lease and other leasing businesses as its main business, and may engage in the purchase of leased properties, disposal of residual value of leased properties, maintenance of leased properties, lease transaction consultancy and guarantee services, assignment of accounts receivable to a third party institution, receiving lease deposits and other businesses approved by the competent authority. A finance lease company shall not engage in deposit-taking (吸收存款), lending (發放貸款), or entrusted lending (受託發放貸款), and shall not engage in inter-bank borrowing without the approval of the competent authority. A finance lease company is prohibited from carrying out illegal fund-raising activities under the disguise of finance lease under any circumstances.

The Measures for Finance Lease Enterprises require the finance lease companies to strengthen their internal risk controls, establish good systems for classifying at-risk assets, and form lessee credit assessment system, post-transaction recourse and disposal system and risk alert mechanism. A finance lease company shall also establish an affiliated transaction management system, and exclude related parties from the voting or decision making process of affiliated transactions. In the event of a purchase of equipment from an affiliated production enterprise, the settlement price for such equipment shall not be evidently lower than the price offered by such enterprise to any third party for such equipment or for equipment of the same batch. A finance lease company shall manage its assets under trust lease and assets under sublease separately and keep separate accounts therefor. A finance lease company shall strengthen the management of its major lessees, limit the proportion of business with a single lessee and with lessees that are affiliated, and pay attention to the prevention and diversification of operational risks.

The Measures for Finance Lease Enterprises also contain regulatory provisions specifically on sale-leaseback transactions. The subject matter of a sale-leaseback transaction shall be properties that can exert their economic functions and produce continuous economic benefits. A finance lease company shall not accept any property to which a lessee has no disposal rights, or on which any mortgage has been created, or which has been sealed or seized by any judicial organs, or whose ownership has any other defects as the subject matter of a sale-leaseback transaction. A finance lease company shall give adequate consideration to and objectively evaluate assets leased back, set reasonable purchase prices for them in compliance with accounting principles, and shall not purchase any asset at a price in excess of its value.

Pursuant to the Notice of the General Office of the Ministry of Commerce on Matters Concerning Adjustments to the Responsibility to Regulate Finance Lease Companies, Commercial Factoring Companies and Pawn Shops (《商務部辦公廳關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知》) (the "**Notice 165**") which was promulgated by MOFCOM on 8 May 2018 and became effective on 8 May 2018, the authority for developing the rules for business operation of finance lease companies, commercial factoring companies, pawnshops and regulatory rules shall be delegated to CBIRC since 20 April 2018. Although the competent authority in charge of regulating finance lease companies in the PRC has changed, the relevant existing governing laws and regulations of the finance lease industry are still in force in the PRC, which play positive role in deterring illegal acts and creating a healthy business environment for the development of compliant and high-quality enterprises in the retail automobile finance market.

According to the interview with Fuzhou Local Financial Supervision and Administration Supervision Bureau of Fujian Province* (福建省福州市地方金融監督管理局) conducted by the PRC Legal Advisers on 24 July 2019, Fuzhou Local Financial Supervision and Administration is and will be the supervising authority of finance lease companies within Fuzhou, and as confirmed by Fuzhou Local Financial Supervision and Administration, a foreign-invested finance lease enterprise shall conduct its finance lease business within the limits of the Measures for Finance Lease Enterprises which is also applicable to the conduct of the finance lease business of a domestic-funded enterprise. The limits of the Measures for Finance Lease Enterprises mainly include the followings: (1) a finance lease company shall operate finance lease and other leasing businesses as its main business; (2) the risk assets of a finance lease company shall not exceed 10 times of its total net assets; (3) a finance lease company shall not engage in deposit-taking, lending, or entrusted lending; and (4) a finance lease company is prohibited from carrying out illegal fund-raising activities under the disguise of finance lease in any circumstances.

Laws and regulations under the supervision of the CBIRC

On 16 October 2017, the People's Bank of China and the CBRC (now known as "**CBIRC**") promulgated the Notice on Adjusting Relevant Automotive Loan Policies (《關於調整汽車貸款有關政策的通知》) (the "**Adjusting Notice**"), which became effective on 1 January 2018. According to the Adjusting Notice, the maximum loan ratio is 80% for purchasing self-use fossil fuel-powered vehicles, 70% for purchasing fossil fuel vehicles for commercial use, 85% for purchasing self-use new energy vehicles ("**NEVs**"), 75% for purchasing the NEVs for commercial use, and 70% for purchasing used vehicles.

On 26 May 2020, the CBIRC promulgated the Interim Measures for the Supervision and Administration of Finance Lease Companies (《融資租賃公司監督管理暫行辦法》) (the "**Interim Measures**") with the immediate effect, which made supplement and further requirements for finance lease enterprises on the basis of Measures for Finance Lease Enterprises. According to the Interim Measures, the CBIRC shall be responsible for the formulation of business operation and supervision and administration rules for finance leasing companies and local financial regulatory authorities at the provincial level shall be specifically responsible for the supervision and administration of finance leasing companies within their respective jurisdictions.

Pursuant to the Interim Measures, a finance lease company shall not engage in calling loans with other finance leasing companies or doing so in a disguised form, and shall not engage in raising funds or transferring assets through P2P lending information intermediaries or private investment funds besides those activities not allowed by Measures for Finance Lease Enterprises. Furthermore, the Interim Measures stipulated different regulatory indicators on the assets of a finance lease company. Under the Interim Measures, the proportion of finance leasing and other leasing assets of finance lease companies shall not be lower than 60% of the total assets, and the total amount of risk assets of finance lease companies shall not exceed eight times of their net assets. The total amount of risk assets shall be determined by deduction of cash, bank deposits and treasury bonds from the enterprise's total assets.

Particularly, the Interim Measures regulate a transition period which shall not exceed three years in principle for the finance lease companies established prior to the implementation of Interim Measures to meet the requirements hereof. Local financial regulatory authorities at the provincial level may appropriately extend the transitional arrangements according to the actual situation of specific industries.

On 25 January 2022, Fujian Provincial Local Financial Supervision and Administration Bureau promulgated the Implementation Rules for the Supervision and Administration of Financial Leasing Companies in Fujian Province (for Trial Implementation) (《福建省融資租賃公司監督管理實施細則(試行)》) (the "**Implementation Rules in Fujian Province**") with immediate effect, which provided detailed guidance for provincial authorities in the implementation process on the basis of Interim Measures. According to Implementation Rules in Fujian Province, the Provincial Local Financial Supervision and Administration Bureau is the supervision and management authority of all financial leasing companies in the province and shall be responsible for formulating provincial supervision policies and systems, organising the implementation of working deployment, and carrying out counting, monitoring and analysing of the operation of the financial leasing industry in the province. In the meanwhile, within the scope of their respective responsibilities, the local financial supervision and administration bureaus of each district and city are particularly responsible for the daily supervision and management, risk prevention and disposal of financial leasing companies within their respective jurisdictions.

The Administrative Measure for Auto Finance Companies was first promulgated and became effective on 3 October 2003 (the "**2003 Version**"), which provided that auto finance companies are defined as non-bank financial legal entities charted by the China Banking Regulatory Commission (the "**CBRC**", which is now being incorporated in the China Banking and Insurance Regulatory Commission, the "**CBIRC**") in compliance with relevant laws, regulations and the measures to provide loans for auto buyers and dealers in China. It also provided that the establishment of an auto finance company shall be subject to the approval of the CBRC. Without the approval of the CBRC, no individual or entity shall be allowed to establish an auto finance company. In the meanwhile, the 2003 Version forbids any auto finance company to establish any branch office.

On 24 January 2008, the CBRC published a new version of the Administrative Measure for Auto Finance Companies (the "**2008 Version**") to substitute the 2003 Version. The 2008 Version first expanded the business scope of the auto finance company to provide automobile finance lease service except for sale and leaseback business. It also provided that no auto finance company may establish any branch office unless being given special approval by the CBRC. The Administrative Measure for Auto Finance Companies (Draft) (the "**Draft Version**") was promulgated by the CBIRC on 29 December 2022 for comments. The Draft Version further expands the business scope of the auto finance company to provide automobile finance lease service, including the sale and leaseback business, and to provide finance and lease service of automobile accessories.

However, a finance lease company, such as our Group (a completely different classification from the abovementioned auto finance company), was originally supervised by the Ministry of Commerce, according to the Notice of the Ministry of Commerce and the State Administration of Taxation on Matters Related to Finance Lease Business (《商務部、國家税務總局關於從事融資租賃業務有關問題的通知》), which was issued on 22 October 2004 and provided that the Ministry of Commerce would carry out the finance lease work for pilot domestic leasing enterprises. On 8 May 2018, the Ministry of Commerce published the Notice of the General Office of the Ministry of Commerce on Matters Concerning Adjustments to the Responsibility to Regulate Financial Leasing Companies, Commercial Factoring Companies and Pawn Shops (《商務部辦公廳關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知》), which delegated the responsibility for developing rules for business operation and regulations of finance lease companies, commercial factoring companies, pawnshops to the CBIRC. Therefore, before 8 May 2018, a finance lease company was not subject to the CBIRC.

Our Group was first approved to engage in finance lease business according to the No. 75 Notice issued by the Ministry of Commerce and the State Administration of Taxation on 2 March 2015, which confirmed XXF Group as one of the 13th Group of pilot domestic finance lease company, which is not subject to approval is required from the CBRC or the CBIRC, hence our Group is not an auto finance company and thus is not subject to the Draft Version.

Laws and regulations on Finance Lease Contract

The Contract Law of the PRC (《中華人民共和國合同法》) (the "**Contract Law**") was promulgated by NPC on 15 March 1999 and became effective on 1 October 1999. The Contract Law especially stipulates mandatory provisions on the financial lease contract in Chapter 14.

On 28 May 2020, the NPC promulgated the PRC Civil Code (《中華人民共和國民法典》) (the "**Civil Code**"), which came into effect on 1 January 2021 and repealed the Contract Law.

According to the Civil Code, a finance lease contract is a contract under which a lessor purchases leased goods from a seller on the basis of a lessee's choice of the seller and leased goods, and the lessor provides the goods for use by the lessee, for which the lessee pays rent. The finance lease contracts shall be in written format.

Under the finance lease contracts, the lessor shall conclude a purchase contract based on the lessee's selections in respect of the seller and the leased property, and the seller shall deliver the leased property to the lessee as agreed. The lessee has the rights of a buyer when taking delivery of the leased property. Without the consent of the lessee, the lessor may not modify relevant particulars related to the lessee of the purchase contract which has been concluded based on the lessee's selections in respect of the seller and the leased property.

LAWS AND REGULATIONS ON THE AUTOMOBILE RETAIL INDUSTRY

On 21 May 2004, the NDRC promulgated the Policies for the Development of the Automotive Industry (《汽車產業發展政策》) (the "**Development Policies**") with immediate effect, which was partially revised on 1 September 2009. According to the Development Policies, it is imperative to foster an automotive market with the focus on private consumption, improve the automobile use environment, and safeguard the rights and interests of automobile consumers. Automobile consumers shall be guided to purchase and use low-energy, low-pollution, small-displacement, new-energy and new-power automobiles, so as to strengthen environmental protection.

The Plan on Adjusting and Revitalizing the Auto Industry (《汽車產業調整和振興規劃》) (the "**Adjusting and Revitalizing Plan**") was promulgated by General Office of the State Council on 20 March 2009 with immediate effect. According to the Adjusting and Revitalizing Plan, the research and development of autos, productive logistics, auto retail and after-sale services, auto lease, second-hand vehicle dealing, auto insurance, consumption credit loans, parking service, retirement and recycling and other service industries shall be accelerated, and the relevant administrative regulations, rules and systems shall be improved.

On 30 March 2009, the MOFCOM, the Ministry of Industry and Information Technology and the Ministry of Public Security jointly promulgated the Opinions on Promoting the Auto Consumption (《關於促進汽車消費的意見》) (the "**Promoting Opinions**"). According to the Promoting Opinions, the development of auto credit consumption is supported. Particularly, the authorities shall boost the making of the administrative regulation on the auto consumption credit, improve the personal credit management, encourage financial institutions to operate the consumption credit business for new autos and second-hand autos, innovate in the credit products, simplify the credit procedures, determine the interest rate of an auto loan for an individual based on the borrower's repayment ability, credit status and other risk factors, and constantly expand the credit auto consumption.

The Measures for the Administration of Automobile Sales (《汽車銷售管理辦法》) (the "**Sales Measures**") was promulgated by the MOFCOM of the PRC on 5 April 2017 and became effective on 1 July 2017. According to the Sales Measures, the dealers, who sell automobiles without the authorisation of the suppliers, or who sell imported automobiles without authorisation for sales by the overseas manufacturers, shall give a reminder and explanation to the consumers in writing and inform the consumers of the subjects who assume relevant responsibility in writing. The suppliers shall follow the principles of fairness, impartiality and transparency in developing or implementing business policies such as marketing incentives. Unless otherwise agreed upon by both parties, the suppliers shall not sell directly to consumers in the dealers' authorised sales territory.

LAWS AND REGULATIONS ON THE AUTOMOBILE OPERATING LEASE INDUSTRY

The Notice on Promoting the Healthy Development of the Automobile Lease Industry (《關於促進汽車租賃業健康發展的通知》) (the "**Promoting Notice**") was promulgated by Ministry of Transport of the PRC ("**MOT**") on 2 April 2011 with immediate effect. According to the Promoting Notice, the automobile operating lease enterprises shall sign an automobile operating lease contract with the lessee to provide vehicles that meet the technical standards with complete and valid documents, and shall not engage in road passenger or cargo transportation operations without permission. The Promoting Notice sets out guidelines for the automobile lease industry and requires local governmental authorities to promulgate local rules and regulations to improve and develop the regulatory environment of the automobile operating lease industry. However, the automobile operating lease industry is currently primarily regulated by government authorities at local levels, where regulatory requirements vary from one province or city to another.

According to the Regulations of Fujian Province on Road Transport (《福建省道路運輸條例》) promulgated by the Standing Committee of Fujian Provincial People's Congress on 29 November 2013 and with effect from 1 January 2014, an automobile operating lease enterprise shall acquire automobile lease business license issued by the local road transport management institution at or above the county level of Fujian Province before undertaking automobile operating lease business.

LAWS AND REGULATIONS ON E-HAILING SERVICES

The Provisional Measures for Administration of E-Hailing Services (《網絡預約出租汽車經營服務管理暫行辦法》) (the "**E-Hailing Measures**") were jointly approved and promulgated by the Ministry of Industry and Information Technology, Ministry of Public Security, MOFCOM, State Administration for Industry and Commerce, General Administration of Quality Supervision, Inspection and Quarantine and the State Internet Information Office on 27 July 2016 and became effective on 1 November 2016 and last amended on 28 December 2019. On 30 November 2022, the Ministry of Transport and other five departments jointly revised the Provisional Measures for Administration of E-Hailing Services (《網絡預約出租汽車經營服務管理暫行辦法》). The revision further clarified that the subjects of legal responsibility for failure to obtain relevant e-haling permits in different circumstances. For failure to obtain the E-hailing Business Permit, an online e-hailing platform company shall be fined. For failure to obtain the Transport Certificate of E-hailing or the Driver License of E-hailing, respective parties shall be fined.

REGULATORY OVERVIEW

Pursuant to the E-Hailing Measures, an e-hailing platform company refers to an enterprise with legal person status that builds an online service platform to provide e-hailing services and such enterprise shall obtain the e-hailing business permit issued by the local competent administrative department of transport. The vehicle owner or the e-hailing platform company shall apply for the transport certificate for the e-hailing vehicles and the competent administrative department in charge of taxis at the place of services shall issue the transport certificate for e-hailing for the vehicles that meet the conditions (including (i) passenger vehicles with seven seats or less; (ii) equipped with the GPS tracking devices and emergency alarm devices with the driving recording function; and (iii) the technical performance of the vehicles shall meet the requirements of the relevant standards for operational safety determined by the corresponding administrative department in charge of taxis depending on the local actual conditions) and have been registered as vehicles for e-hailing passenger transport. After reviewing the application made by the vehicle owner or the e-hailing platform company in accordance with the above vehicle requirements, the competent administrative department in charge of taxies in the service location shall issue the Transport Certificate for e-hailing for the vehicles that meet the conditions and have been registered as vehicles for booked passenger transport. Where it is otherwise prescribed by the people's governments of the cities for the issuance of the transport certificate for e-hailing, such provisions shall prevail.

According to the Notice on Maintaining Market Order for the Fair Competition and Accelerating the Compliance of E-hailing Vehicles (《關於維護公平競爭市場秩序加快推進網約車合規化的通知》), promulgated by General Office of Ministry of Transport and came into effect on 7 September 2021, e-hailing vehicles platform enterprises are prohibited to any new access to non-compliant vehicles and drivers and shall accelerate their removal process of existing non-compliant vehicles and drivers. Also, e-hailing vehicle platform enterprises shall strengthen the safety education for e-hailing drivers.

Pursuant to Opinions on Strengthening the Protection of the Rights and Interests of Employees in the New Transportation Industry (《關於加強交通運輸新業態從業人員權益保障工作的通知》), jointly issued by Ministry of Transport and other seven governmental departments, which became effective on 17 November 2021, the e-hailing vehicles platform enterprises shall (i) publish pricing rules and income distribution rules to drivers, passengers and other relevant parties to protect the drivers' right to know and supervise; (ii) participate in social insurance for e-hailing drivers according to the relevant labour relations; (iii) pay salaries no less than the local minimum wage to qualified e-hailing drivers; and (iv) scientifically determine the working hours and labour intensity of drivers to ensure that they have enough rest time.

According to the Notice on Strengthening the Work Related to the Joint Supervision of the Whole Industry Chain of the E-hailing (《關於加強網絡預約出租汽車行業事中事後全鏈條聯合監管有關工作的通知》), jointly issued by Ministry of Transport and other six governmental departments, which became effective on 7 February 2022, all levels of transportation departments, cyberspace departments, communications departments, public security departments, the People's Bank of China, taxation departments, industry departments and commerce departments, market supervision departments and other departments should establish and improve the joint supervision mechanism, give full play to their respective functions, closely coordinate and cooperate, strengthen information and data sharing, and strengthen the supervision of relevant business behaviours of online e-hailing platform enterprises.

According to the E-hailing Measures, (i) the online e-hailing platform companies are responsible to apply for and obtain the E-hailing Business Permit; (ii) the e-hailing vehicles providers, such as our Group, are responsible to apply for and obtain the Transport Certificate for our E-hailing vehicles; (iii) the e-hailing drivers are responsible to apply for and obtain the Driver License for E-hailing vehicles. The E-hailing Measures also provide that an online e-hailing platform company failing to obtain the E-hailing Business Permit and the party failing to obtain the Transport Certificate or the Driver License shall be fined. According to the E-hailing Measures, an online e-hailing platform company failing to obtain E-hailing Business Permit shall be fined not less than RMB10,000 nor more than RMB30,000; a party failing to obtain E-hailing Transport Certificate for its E-hailing vehicles shall be fined not less than RMB3,000 nor more than RMB10,000 in total; and a party failing to obtain the Driver License for E-hailing shall be fined not less than RMB200 nor more than RMB2,000. Our Directors confirmed that our PRC subsidiary only serves as an e-hailing vehicles provider, which neither owns the online service platforms nor operates any e-hailing business. As advised by our PRC Legal Advisers and our Directors confirmed that our PRC subsidiary was only responsible for obtaining transport certificates for the e-hailing vehicles during the Track Record Period. As advised by our PRC Legal Advisers after due diligence and as confirmed by our Directors, all of our e-hailing vehicles under operating lease and finance lease during the Track Record Period and up to the Latest Practicable Date have obtained Transport Certificates for E-hailing. In addition, if the vehicle that provides the aforesaid services operates without the transport certificate for e-hailing, the e-hailing platform company or the drivers in practice, other than the e-hailing vehicle providers, may be ordered to make rectification or fined by the competent administrative departments of transportation and prices. Therefore, as advised by the PRC Legal Advisers, these four laws and regulations on e-hailing industry published recently mainly regulate online e-hailing platform enterprises and are not applicable to our Group's businesses, and do not have any bearing on our Group's business and operation.

On 24 May 2022, the Ministry of Transport issued the Measures for the Administration of the Operation of Regulatory Information Interactive Platforms for E-hailing (the "**Regulatory Information Interactive Platforms Measures**") (《網路預約網約車監管資訊交互平台運行管理辦法》), which became effective on 1 July 2022. The Regulatory Information Interactive Platforms Measures mainly stipulate that multi-level regulatory information interactive platforms for e-hailing shall be established to standardise data transmission and improve the regulation efficiency of the e-hailing industry. The Ministry of Transport shall guide the operation of regulatory information interactive platforms at all levels. The competent transport departments shall be responsible for the use, operation, and maintenance of the platforms at their respective levels. All online e-hailing platform companies shall be responsible for standardising the operation and data transmission of their respective platforms. As no obligations on the automobile lease companies are provided, the Regulatory Information Interactive Platforms Measures do not have any material adverse impact on our business.

LAWS AND REGULATIONS ON THE CAR-SHARING INDUSTRY

The Guidance on Promoting the Healthy Development of Minibus Leasing (《關於促進小微型客車租賃健康發展的指導意見》) (the "**Minibus Leasing Guidance**") was promulgated by MOT and Ministry of Housing and Urban-Rural Development of the PRC on 4 August 2017 with immediate effect.

According to the Minibus Leasing Guidance, time-based lease service, commonly known as car-sharing, is encouraged to be developed in the minibus leasing industry. Car-sharing service shall be charged by minutes or hours and shall take advantage of mobile internet, GPS and other information technology to build a network service platform, which aims to provide users with self-service vehicle booking service, borrowing and returning service, and paying service.

Pursuant to the Minibus Leasing Guidance, car-sharing lease operators, which require minutely or hourly rental charges, shall not include chauffeured service along with car-sharing and shall carry out identification of lessee before delivering the rental cars to the lessee. These operators shall have online service capability to carry out the identification of lessees and achieve the balance between vehicle supply and demand at different times and regions, and shall have the ability of offline operation service to ensure the good safety condition of the vehicle, and shall adopt safe and compliant payment and settlement services to ensure the security of the lessees' deposits and funds and the safety of lessees' personal information.

LAWS AND REGULATIONS ON FINANCE GUARANTEE

The Administrative Regulations on Supervision of Finance Guarantee Companies (《融資擔保公司監督管理條例》) (the "**Finance Guarantee Regulations**") were promulgated by the State Council on 2 August 2017 and became effective on 1 October 2017.

According to the Finance Guarantee Regulations, a finance guarantee refers to the activities where a guarantor provides a guarantee for debt finance such as borrowings or debentures of a debtor. No organisation or individual shall operate a finance guarantee business and no organisation shall use the words "finance guarantee" in its company name without approval by regulatory authorities, unless otherwise stipulated by the State Council. In the event of a violation of the provisions of the Finance Guarantee Regulations by establishing a finance guarantee company or operating finance guarantee businesses without obtaining approval, violators shall be banned or ordered by the regulatory authorities to cease operation, imposed a fine ranging from RMB0.5 million to RMB1.0 million, and confiscated illegal income; where the case constitutes a criminal offence, criminal liability shall be pursued in accordance with the law.

On 9 October 2019, the Supplementary Regulations on Supervision of Finance Guarantee Companies (《融資擔保公司監督管理補充規定》) (the "**Supplementary Regulations**") were jointly promulgated by CBIRC, NDRC, Ministry of Industry and Information Technology, MOF, Ministry of Housing and Urban-Rural Development, Ministry of Agricultural and Rural Affairs, MOFCOM, PBOC and State Administration for Market Regulation with immediate effect. According to the Supplementary Regulations, a finance guarantee company shall be established in accordance with the Finance Guarantee Regulations to operate guarantee businesses. Without the approval of the regulatory authorities, automobile dealers and automobile retail service providers are prohibited from engaging in automobile consumption loan guarantee business and their existing relevant business shall be properly settled.

On 27 May 2022, the Standing Committee of the Fujian Provincial People's Congress published the Regulations of Fujian Province on Local Financial Supervision and Administration (《福建省地方金融監督管理條例》) (the "**Fujian Financial Supervision Regulations**"). According to the Fujian Financial Supervision Regulations, when providing financial products or services, local financial organisations shall timely, truly, accurately, and comprehensively disclose the information on operations, products and services, adequately prompt risks, and shall not make false or misleading publicity.

LAWS AND REGULATIONS ON VALUE-ADDED TELECOMMUNICATION SERVICES

Pursuant to the Telecommunications Regulations of the PRC(《中華人民共和國電信條例》)(the "**Telecom Regulations**") promulgated by the State Council on 25 September 2000 with last amended on 6 February 2016 and the Catalogue of Telecommunications Business(《電信業務分類目錄》) attached to the Telecom Regulations, and promulgated by the Ministry of Industry and Information Technology of the PRC last amended on 6 June 2019 with immediate effect, telecommunications services are categorised as (i) basic or (ii) value-added, and "online data processing and transaction processing services" business and "information service" business are regarded as value-added telecommunication services business. Online data processing and transaction processing services which the provision of such would require to obtain the EDI Licence mainly refer to the usage of the data and transaction application platforms connected to public communication networks or the Internet for the provision of online data processing and transaction processing. Information service business refers to the business of providing information services to users through the Internet, including but not limited to information collection, information development, information protection and processing, information release and delivery, information exchange, information search and query, and the construction of information platforms. According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council (which came into effect on 25 September 2000 and was last amended on 8 January 2011), which further regulated activities of Internet information services, Internet information services are divided into two types, namely, (i) profitable Internet information services; and (ii) non-profitable Internet information services. Further, profitable Internet information services refer to the provision of Internet information services with charge of payment. Service providers of profitable Internet information services shall apply for a value-added telecommunication services operating permit for Internet information services (the "**ICP Licence**").

Further, pursuant to the Administrative Measures on Telecommunications Business Permits (《電信業務經營許可管理辦法》), which became effective on 1 September 2017, enterprises that undertake telecommunications business involved in EDI Licence and ICP Licence without authorisation or beyond the approved scope shall be punished pursuant to the provisions of the Telecom Regulations; where the case is serious and the enterprise is ordered to suspend operation and make correction, the enterprise shall be included directly in the list of dishonest telecommunications business operators.

Pursuant to the Circular of Ministry of Industry and Information Technology concerning Lifting Restrictions on the Proportion of Foreign Equity in On-line Data Processing and Transaction Processing Business (for-profit E-commerce) (《工業和信息化部關於放開在線數據處理與交易處理業務(經營類電子商務)外資股比限制的通告》) (the "**Circular 196**"), which were promulgated on 19 June 2015 with immediate effect, the limitation on the proportion of foreign equity in on-line data processing and transaction processing business (for-profit E-commerce) throughout the country were released and could be up to 100%.

The Regulations for the Administration of Mobile Internet Application Information Services 2022 (《移動互聯網應用程序信息服務管理規定(2022)》), which were promulgated on 14 June 2022 and became effective on 1 August 2022, sets out the responsibilities of information security management of an internet application programme provider, including verification of real identities with the registered users through mobile phone numbers, establishment and improvement of the mechanism for user information security protection, and the verification and management mechanism for the information content, protection and safeguard of users' information rights and options during installation or use, respect and so on.

LAWS AND REGULATIONS ON AUTO INSURANCE

According to the Law of the PRC on Road Traffic Safety (《道路交通安全法》) (the "**Traffic Law**") promulgated on 28 October 2003 and last amended on 29 April 2021, traffic accident insurance must be purchased for each vehicle. Pursuant to relevant provisions of the Regulation on Compulsory Auto Liability Insurance (《機動車交通事故責任強制保險條例》) promulgated by the State Council on 21 March 2006 and last amended on 2 March 2019, the owner or manager of a motor vehicle operating on the roads within the PRC must apply for the compulsory traffic accident liability insurance for motor vehicles in accordance with the provisions of the Traffic Law, and the insurance company must make indemnity payments within liability limit to all victims, other than persons in the insured vehicle, for their death, personal injury or property losses suffered in a road traffic accident involving the insured motor vehicle.

LAWS AND REGULATIONS ON TORT LIABILITY

Laws and Regulations on Tort Liability of Traffic Accident

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**") promulgated on 28 May 2020 and became effective on 1 January 2021, when the owner or manager is not the user of a motor vehicle under leasing or lending circumstances and the motor vehicle party is liable for the occurrence of a traffic accident, the user of the motor vehicle shall bear compensation liability; if the owner or manager of the motor vehicle is at fault for the occurrence of damages, the owner or manager shall bear the corresponding compensation liability.

The Tort Law of the PRC (《中華人民共和國侵權責任法》) (the "**Tort Law**") was promulgated on 26 December 2009 and became effective on 1 July 2010. Before being repealed by the Civil Code on 1 January 2021, the Tort Law regulated the bearing of tort liability in traffic accidents.

According to the Traffic Law, where motor vehicles are involved in traffic accidents which cause personal injury or death or any property losses, the insurance company shall make compensation within the limit of the compulsory third party liability insurance for motor vehicles; the part not covered by such insurance shall be compensated according to the following provisions: (1) where a traffic accident occurs between two motor vehicles, the party in fault shall bear the liability; and where both parties are in fault, the liability shall be shared on the basis of the proportion of each party's fault; and (2) where a traffic accident occurs between the driver of a motor vehicle and the driver of a non-motor vehicle or a pedestrian, the driver of the motor vehicle shall bear the liability for compensation if the driver of the non-motor vehicle or the pedestrian is not in fault; if there is evidence which proves that the driver of the non-motor vehicle or the pedestrian is in fault, the liability for compensation to be borne by the motor vehicle driver shall be appropriately lightened on the basis of the degree of the fault; if the driver of the motor vehicle is not in fault, the liability for compensation to be borne by him shall not exceed 10%. Where the losses in a traffic accident are caused by the driver of a non-motor vehicle or a pedestrian who deliberately runs into a motor vehicle, the driver of the motor vehicle shall not bear any liability for compensation.

According to the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Hearing of Cases Involving Compensation for Damages in Road Traffic Accidents (《最高人民法院關於審理道路交通事故損害賠償案件適用法律若干問題的解釋》), which became effective on 21 December 2012 and last amended on 1 January 2021, the vehicle owner will be determined as having fault if (i) the owner knows or should know that the vehicle has a defect which constitutes one of the causes for the traffic accident, (ii) knows or should know that the driver of the vehicle does not meet the driving requirements or has not acquired corresponding driving qualifications; (iii) knows or should know that the driver cannot drive the vehicle due to drinking, taking psychoactive or narcotic drug, or having any disease that obstructs safe driving of the vehicle; or (iv) has any other fault for the traffic accident.

Laws on Tort Liability of Personal Information

PRC governmental authorities have enacted laws and regulations on internet use to protect personal information from any unauthorised disclosure. On 28 December 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) to enhance the legal protection of information security and privacy on the internet. On 16 July 2013, the Ministry of Industry and Information Technology of the PRC promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) to regulate the collection and use of users' personal information in the provision of telecommunication services and internet information services in the PRC. Telecommunication business operators and internet service providers are required to establish its own rules for collecting and use of users' information and cannot collect or use users' information without users' consent. Telecommunication business operators and internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information.

On 7 November 2016, the Standing Committee of the National People's Congress ("**SCNPC**") published Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which took effect on 1 June 2017 and requires network operators to perform certain functions related to cyber security protection and the strengthening of network information management. For instance, under the Cyber Security Law, network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC and their purchase of network products and services that may affect national securities shall be subject to national cybersecurity review. Further, according to the Administrative Provisions on Security Vulnerabilities of Cyber Products (《網絡產品安全漏洞管理規定》) promulgated on 12 July 2021 and became effective on 1 September 2021, which were enacted in accordance with Cyber Security Law of the PRC, Cyber product providers, network operators and platforms for collection of cyber product security vulnerabilities shall establish a sound unimpeded channel for receiving information on security vulnerabilities of cyber products and ensure that security vulnerabilities of their products are timely repaired.

On 10 June 2021, the Standing Committee of the NPC published the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") which became effective on 1 September 2021. According to the Data Security Law, any organisation or individual shall collect data by lawful and proper means and shall not acquire data by theft or other illegal means.

The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") was promulgated by the Standing Committee of the National People's Congress on 20 August 2021 and became effective on 1 November 2021. Pursuant to the Personal Information Protection Law, the processing of personal information requires the consent of the individual concerned. In particular, "whereabouts and tracks" is a typical type of sensitive personal information, which is subject to the individual's separate consent to be processed. The Personal Information Protection Law also clarifies that the personal information processor shall formulate internal management systems and operating procedures, implement category-based management of personal information, take corresponding technical security measures such as encryption and de-identification, reasonably determine the authority to process personal information and conduct security education and training for relevant employees on a regular basis, and formulate and organise the implementation of emergency plans for personal information security incidents to ensure the compliance of personal information processing activities with relevant laws and prevent unauthorised access and divulgence, falsification and loss of personal information.

On 16 August 2021, CAC, NDRC, Ministry of Industry and Information Technology, Ministry of Public Security and MOT jointly promulgated Several Provisions on Automotive Data Security Management (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》) which were effective on 1 October 2021. The Automotive Data Security Management Provisions expressly define "automotive data", "the processing of automotive data", "automotive data processors", "personal information", "sensitive personal information" and "important data". According to the Automotive Data Security Management Provisions, the automotive data processor shall obtain the consent of the individuals to process personal information.

On 30 July 2021, the State Council promulgated Security Protection Regulations for Critical Information Infrastructure (the "**Security Protection Regulations**") (《關鍵信息基礎設施安全保護條例》) which took effect on 1 September 2021. Pursuant to Security Protection Regulations, critical information infrastructure refers to the important network facilities and information systems in important industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense science, technology and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy and the people's livelihood and public interests. No individual or organisation may illegally invade, interfere with or destroy the critical information infrastructure, or endanger the security of the critical information infrastructure.

Laws and Regulations on Cybersecurity Review

China Cybersecurity Review Technology and Certification Center (CCRC, formerly known as China Information Security Certification Center) undertakes network security review technical support and certification work, according to Cybersecurity Review Measures, which was promulgated by the CAC. The CAC is the rule-making authority and the CCRC is responsible for undertaking the rules promulgated by the CAC.

On 16 November 2021, the Cyberspace Administration of China (the "**CAC**"), with other governmental authorities, jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which came into effect on 15 February 2022. The Cybersecurity Review Measures provide that the procurement of network products and services by critical information infrastructure operators (關鍵信息基礎設施運營者) and the data processing activities carried out by network platform operators (網絡平台運營者) that affect or may affect national security shall be subject to the cybersecurity review by the CAC. Network platform operators holding personal information of more than one million users seeking abroad public listing must apply for a cybersecurity review as well. Critical information infrastructure refers to any network facilities and information systems in important industries and fields that may seriously endanger national security, national economy and people's livelihood, and public interests in the event that they are damaged or lose their functions or their data are leaked. As advised by our PRC Legal advisers, we do not hold or operate any of the abovementioned properties, and the type of data we collect is mainly personal information, including our

customers' names, dates of birth, ID numbers, addresses, phone numbers, account numbers, passwords, etc., hence we will not be considered as a critical information infrastructure operator. However, there are no relevant laws and regulations to define "online platform operators", hence it is uncertain whether we will be considered as an online platform operator. Our Directors confirmed as at the Latest Practicable Date, we had not more than 0.24 million registered users in total on our 52 Car APP, Kuai Ya Car Rental, a WeChat mini programme (快呀租車微信小程序), Taoqi APP and Go Ziyou APP, which is far less than one million. Our PRC Legal Advisers advised that the Cybersecurity Review Measures do not apply to the Group's business. In addition, the CAC may also voluntarily conduct the cybersecurity review if any network products and services and data processing activities affect or may affect national security.

On 14 November 2021, the CAC released the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Data Security Regulations**"). The Draft Data Security Regulations cover a wide range of cyber data security issues and govern the use of networks to carry out data processing activities, as well as the supervision and management of cyber data security in the PRC. The Draft Data Security Regulations are applicable to the use of networks to carry out data processing activities, and the supervision and management of network data security in the PRC, as well as several situations of overseas data processing activities that process personal and organisational data of PRC. We conducted a verbal consultation with the CCRC on 15 December 2022 for clarification. The interviewee opined that the cybersecurity review will not apply to enterprises seeking public listings in Hong Kong. As advised by our PRC Legal Advisers, the Draft Data Security Regulations mainly stipulate that the data processor shall establish relevant security mechanisms to protect data and apply for a cybersecurity review when applying for a public listing. The Draft Data Security Regulations do not impose restrictions on a company's daily operation and therefore, will not have any material adverse impact on our Group's business operations.

As confirmed by our Directors, as at the Latest Practicable Date, we were not involved in any investigations on the cybersecurity review made by the CAC, and we had not received any inquiry, notice or warning, or been subject to any penalties or sanctions in such respect. As advised by our PRC Legal Advisers, our Group's relevant internet data protection mechanism has been established. Our Directors confirmed as at the Latest Practicable Date we had not more than 0.24 million registered users in total on our 52 Car APP, Kuai Ya Car Rental, a WeChat mini programme (快呀租車微信小程序), Taoqi APP and Go Ziyou APP, which is far less than one million users. In the event such number exceeds one million in the future, according to the Cybersecurity Review Measures and the Draft Data Security Regulations, which would be effective in the future, there is a possibility that we may be considered as "online platform operator" by the CAC, and thus need to apply for cybersecurity review. According to the Cybersecurity Regulations, to file an application for cybersecurity review, the operator shall submit a list of documents, including a written declaration and an analysis report concerning the impact or possible impact on national security, the procurement documents, and business agreements and/or **[REDACTED]** related application documents, etc. As confirmed by our Directors, we will be able to provide these documents timely and accurately. In addition, the Cybersecurity Regulations do not require the applicant to suspend the business until the completion of the

cybersecurity review. Therefore, as advised by our PRC Legal advisers, if the Cybersecurity Regulations takes effect in the current form in the future, the Group does not have any obstacles in meeting the requirements and completing the application timely.

Accordingly, our PRC Legal Advisers advised, and our Directors concur, that (i) our Group would be able to comply with the Cybersecurity Regulations in all material aspects; (ii) the Cybersecurity Regulations would not have any material adverse impact on our business operations; and (iii) our **[REDACTED]** in Hong Kong will not give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures, assuming the Draft Data Security Regulations are implemented in their current form. The PRC legal advisers to the Sole Sponsor and the Sole Sponsor concur with the aforesaid view of our PRC Legal Advisers.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

The Foreign Exchange Control Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulations**"), promulgated by the State Council on 1 April 1996 and last amended on 5 August 2008, are applicable to all activities related to the foreign exchange receipts and disbursements and transactions of domestic corporations and individuals and to the said activities of overseas corporations and individuals within the territory of the PRC. The Foreign Exchange Regulations stipulate that all international disbursement and transfer of funds are classified under current account and capital account. Approval from SAFE is not required for most current account transactions, but is required for capital account-transactions.

SAFE Circular 59

According to the Circular of SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 59**"), promulgated on 19 November 2012 and last amended and became effective on 30 December 2019, the opening of various special purpose foreign exchange accounts (e.g. pre-investment expenses account, foreign exchange capital account, asset realisation account, guarantee account) no longer requires the approval of SAFE. Furthermore, multiple capital accounts for the same entity may be opened in different provinces, which was not possible before the issuance of SAFE Circular 59. Reinvestment of lawful incomes derived by foreign investors in the PRC (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment) no longer requires SAFE's approval or verification, and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer requires SAFE's approval.

SAFE Circular 13

According to the Circular of SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**"), which became effective on 1 June 2015 and was last amended on 30 December 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment shall be directly reviewed and handled by banks in accordance with the SAFE Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

SAFE Circular 19

According to the Circular of SAFE on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested 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》) (the "**SAFE Circular 19**"), which became effective on 1 June 2015 and was last amended on 30 December 2019, the system of willingness-based foreign exchange settlement is adopted for the foreign exchange capital of foreign-invested enterprises which refers to that the foreign exchange capital, for which the monetary contribution has been confirmed by the foreign exchange authorities (or for which the monetary contribution has been registered for account entry) in the capital account of a foreign-invested enterprise may be settled at a bank as required by the enterprise's actual management needs. The proportion of willingness-based foreign exchange settlement of capital for a foreign-invested enterprise is temporarily set at 100%. The RMB funds obtained by a foreign-invested enterprise from its willingness-based exchange settlement of capital shall be included in a foreign exchange settlement account for pending payment and shall be used within the approved business scope of the foreign-invested enterprise. The foreign-invested enterprise still needs to provide the supporting documents and go through the review process with the banks when further payment is made from such account. In particular, under the SAFE Circular 19, domestic equity investments from the exchange settlement funds are allowed after performing relevant procedures.

SAFE Circular 16

The Notice of SAFE 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專案結匯管理政策的通知》) (the "**SAFE Circular 16**"), which became effective since 9 June 2016, implements nationwide the reform of the control mode for foreign exchange settlement of foreign debts of enterprises. According to SAFE Circular 16, domestic enterprises (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) may complete foreign exchange settlement formalities for their foreign debts at their discretion and the foreign exchange receipts under the capital account of a domestic institution shall be used within the business scope of the domestic institution and under the principles of authenticity and for itself.

Regulations on Stock Incentive Plans

In February 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Stock Option Rules**"), replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before exercising rights.

LAWS AND REGULATIONS ON OVERSEAS INVESTMENT

The Circular of the SAFE on Issues Concerning Foreign Exchange Administration Over the Overseas Investment and Financing and Round-Trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**") promulgated by SAFE on 4 July 2014 with immediate effect requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions.

The SAFE Circular 37 was issued to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) issued by SAFE on 21 October 2005. SAFE further enacted the Circular 13, which allows PRC residents or entities to register with qualified banks with respect to their establishment or control of an offshore entity established for the purpose of overseas investment or financing. However, remedial registration applications made by PRC residents that previously failed to comply with the SAFE Circular 37 continue to fall under the jurisdiction of the relevant local branch of SAFE. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfil the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC laws for evasion of foreign exchange controls.

Pursuant to the Administrative Measures for the Outbound Investment of Enterprises (《企業境外投資管理辦法》), which were promulgated by NDRC on 26 December 2017 and became effective on 1 March 2018, the State adopts approval administration and filing administration for overseas investment projects respectively according to different circumstances. An overseas investment project that involves any sensitive country or region or any sensitive industry is to be approved by NDRC. Under the circumstances, with regard to an overseas investment project with Chinese party's investment amount of not less than USD300 million, NDRC is in charge of the record-filing.

Pursuant to the Measures on the Administration of Overseas Investment (《境外投資管理辦法》), promulgated by MOFCOM on 6 September 2014 and became effective on 6 October 2014, overseas investments refer to possessing of non-financial enterprises abroad or acquisition of the ownership of, control over, business management right of, or other rights and interests of existing overseas non-financial enterprises by enterprises established in the PRC through newly establishment or mergers and acquisitions or other methods. Other than the overseas investments involving sensitive countries, regions or sensitive industries which are subject to approval, all other overseas investments are subject to filing administration.

LAWS AND REGULATIONS ON ESG-RELATED MATTERS

Laws and Regulations on Labour Protection

According to the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated on 5 July 1994 with effect from 1 January 1995 and revised on 27 August 2009 and 29 December 2018, and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**Labour Contract Law**") promulgated on 29 June 2007 and amended on 28 December 2012 with effect from 1 July 2013, if an employment relationship is established between an enterprise and its employees, written labour contracts shall be executed between them. The relevant laws stipulate the maximum number of working hours per day and per week, respectively. The relevant laws also set out the minimum wage. The enterprises shall establish and develop systems for occupational safety and sanitation, implement the rules and standards of the PRC government on occupational safety and sanitation, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the "**Social Insurance Law**"), which became effective on 1 July 2011 and amended on 29 December 2018, all employees are required to participate in basic pension insurance, basic medical insurance schemes and unemployment insurance, which must be contributed by both the employers and the employees. All employees are required to participate in work-related injury insurance and maternity insurance schemes, which must be contributed by the employers. Employers are required to complete registrations with local social insurance authorities. Moreover, the employers must timely make all social insurance contributions. Except for mandatory exceptions such as force majeure, social insurance premiums may not be paid late, reduced or be exempted. Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within a specified period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine equivalent to one to three times of the overdue amount.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which were promulgated and became effective on 3 April 1999, and were last amended on 24 March 2019, housing provident fund contributions by an individual employee and housing provident fund contributions by his or her employer shall belong to the individual employee. 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 centre. With respect to companies who violate the above regulations and fail to process housing provident fund payment and deposit registrations or open housing provident fund accounts for their employees, such companies shall be ordered by the housing provident fund administration centre to complete such procedures within a designated period. Those who fail to process their registrations within the designated period shall be subject to a fine ranging from

RMB10,000 to RMB50,000. When companies breach the regulations and fail to pay up housing provident fund contributions in full amount as due, the housing provident fund administration centre shall order such companies to pay up within a designated period, and may further apply to the People's Court for mandatory enforcement against those who still fail to comply after the expiry of such period.

Laws and Regulations on Environmental Protection

Pursuant to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), which was promulgated by Standing Committee of the National People's Congress on 24 April 2014 and became effective on 1 January 2015, enterprises, institutions and other manufacturing operators shall prevent and reduce environmental pollution and ecological damage, and shall be liable for damages caused by them pursuant to the law.

Laws and Regulations on Market Order Protection

Pursuant to the Law of the People's Republic of China on the Protection of Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》), which was promulgated by Standing Committee of the National People's Congress on 25 October 2013 and became effective on 15 March 2014, Business operators engaging in provision of goods or services to consumers shall not set unfair and unreasonable trading conditions and shall not compel transactions. If business operators need collect and use personal information of consumers, they shall adhere to the principles of legitimacy, bona fide and necessity, state expressly the purpose, method and scope of collection and use of information, and shall obtain the consent of consumers.

According to Law of the People's Republic of China Against Unfair Competition (《中華人民共和國反不正當競爭法》), which was promulgated by Standing Committee of the National People's Congress on 23 April 2019 and became effective simultaneously, business operators shall not commit certain acts to mislead others to misidentify their goods as others' goods or to associate their goods with others. If business operators make use of cyber network for their production and business activities, they shall not make use of technical means to commit acts to hinder and disrupt normal operation of the cyber products or services provided legitimately by other business operators.

LAWS AND REGULATIONS ON HOUSE LEASING REGISTRATION

Pursuant to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which were promulgated by Ministry of Housing and Urban-Rural Development of the PRC on 1 December 2010 and became effective on 1 February 2011, a lease shall be filed with the local construction (real estate) administrative department, and fines ranging from RMB1,000 to RMB10,000 for each unregistered leasing property may be imposed by the local construction (real estate) administrative department for such violation.

According to the Civil Code, if the parties to a lease contract fail to go through the formalities of registration of such contract in accordance with the provisions of laws and administrative regulations, the effectiveness of the contract shall not be affected.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY PROTECTION

Trademarks

According to the Trademark Law of PRC (《中華人民共和國商標法》) last amended and newly effective on 1 November 2019 and its Implementation Regulations (《中華人民共和國商標法實施條例》) promulgated on 29 April 2014 and with effect from 1 May 2014, registered trademarks are those that have been approved and registered by the Trademark Office, including commodity trademarks, service trademarks, collective marks and certification marks. Trademark registrants shall be entitled to the right to exclusive use of their trademarks and shall be protected by law. The period of validity of a registered trademark shall be 10 years from the day the registration is approved. If a registrant needs to continue to use the registered trademark after the period of validity expires, an application for renewal of registration shall be made within 12 months before the expiration. If the registrant fails to make such an application within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be 10 years after expiry of the previous valid term.

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated on 12 March 1984 and last amended on 17 October 2020 and with effect from 1 June 2021 and its Implementation Rules (《中華人民共和國專利法實施細則》) promulgated 19 January 1985 and last amended on 9 January 2010 and with effect from 1 February 2010, the State provides patent protection to three categories of patents, namely invention, utility model and design. An invention or utility model for which a patent is to be granted shall be novel, inventive and practically applicable. Any design for which a patent is to be granted shall not be attributed to the existing design, and no entity or individual has, before the date of application, filed an application with the patent administrative department of the State Council on the identical design and recorded it in the patent documents published after the date of application. The duration of patent rights shall be twenty years for an invention, ten years for a utility model and fifteen years for a design, all from the date of application.

Copyrights

In order to further protect the computer software, the Computer Software Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on 20 December 2001 and last amended on 30 January 2013 provides that the software copyright holder is entitled to the right of publication, acknowledgement, alteration, reproduction, distribution, leasing, dissemination through information networks, translation, etc. In addition, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》) on 20 February 2002, which applies to software copyright registration, license contract registration and transfer contract registration.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and with effect from 1 November 2017, and the Announcement on Promulgation and Implementation of a Series of Provisions of the Implementing Rules for the Registration of National Top-level Domain Names (《關於發佈並實施〈國家頂級域名註冊實施細則〉系列規定的公告》) promulgated by the China Internet Network Information Center on 18 June 2019 with immediate effect. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**") which became effective on 1 January 2008, last amended and with effect on 29 December 2018 and the Implementation Rules of the Law of the PRC (《中華人民共和國企業所得税法實施條例》), which became effective on 1 January 2008 and last amended and with effect on 23 April 2019, non-resident enterprises which have establishments or premises of business in the PRC are subject to Enterprise Income Tax on their income sourced from China by such establishments or premises of business in China and on their income sourced from outside the PRC which is effectively connected with such establishments or premises of business. Non-resident enterprises, which do not have establishments or premises of business in the PRC, or which have establishments or premises of business in the PRC but relevant income is not effectively connected with such establishments or premises of business, are subject to enterprise income tax on their income sourced from the PRC. The tax rate for enterprise income tax is 25% under the EIT Law. For a non-resident enterprise having no office or establishment inside the PRC, or for a non-resident enterprise whose incomes have no actual connection to its institution or establishment inside the PRC, it shall pay enterprise income tax on the incomes derived from the PRC at a reduced tax rate of 10%. Pursuant to the Notice of MOF and STA on the Preferential Corporate Income Tax Policy and Catalogues for Hengqin New Area of Guangdong Province, Pingtan Comprehensive Experimental Area of Fujian Province and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (《財政部、國家税務總局關於廣東橫琴新區福建平潭綜合實驗區深圳前海深港現代服務業合作區企業所得税優惠政策及優惠目錄的通知》) promulgated on 25 March 2014 and with effect on 1 January 2014, the enterprises that engage in encouraged industries in Hengqin New Area of Guangdong Province, Pingtan Comprehensive Experimental Area of Fujian Province and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone are eligible for corporate income tax at a reduced rate of 15%, which were valid until 31 December 2020. The aforesaid enterprises that engage in encouraged industries refer to the enterprises whose primary businesses are any of the industrial projects listed in the Preferential Corporate Income Tax Catalogue (《企業所得税優惠目錄》), and whose revenue from the primary businesses accounts for more than 70% of their total revenue. On 27 May 2021, MOF and

STA jointly promulgated the Notice on the Continued Preferential Corporate Income Tax Policy for Pingtan Comprehensive Experimental Area of Fujian Province (《關於延續福建平潭綜合實驗區企業所得稅優惠政策的通知》) which became effective on 1 January 2021 and until 31 December 2025. The enterprises whose primary businesses are any of the industrial projects listed in the Preferential Corporate Income Tax Catalogue for Pingtan Comprehensive Experimental Area (2021) (《平潭綜合實驗區企業所得稅優惠目錄(2021版)》), and whose revenue from the primary businesses accounts for more than 60% of their total revenue are eligible for corporate income tax at a reduced rate of 15%.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Tax 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》) (the "**Double Tax Avoidance Arrangement**") promulgated on 21 August 2006 with immediate effect, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent tax authority in the PRC to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) (the "**Notice 81**") issued on 20 February 2009 by State Taxation Administration (國家稅務總局, "**STA**"), if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

Pursuant to the Public Announcement of the STA on Several Issues Relating to Enterprise Income Tax on Transfer of Assets between Non-resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**Circular 7**") promulgated by STA on 3 February 2015 and last amended on 29 December 2017 with immediate effect, and the Public Announcement of the STA on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《關於非居民企業所得稅源泉扣繳有關問題的公告》) (the "**STA Circular 37**") promulgated by STA on 17 October 2017 and amended on 15 June 2018 with immediate effect, if the non-resident enterprises indirectly transfer the assets such as the equity interest of PRC resident enterprises through the implementation of arrangements without reasonable commercial purposes evading EIT liability, such transfer shall be deemed as the direct transfer of assets such as the equity interest of PRC resident enterprises according to the Article 47 of the EIT Law (the "**PRC Taxable Assets**").

Circular 7 provides two exemptions: (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable assets by acquiring and selling equity interests of the same listed overseas company on a public market; and (ii) where the non-resident enterprise had directly held and transferred such PRC Taxable assets, the income from the transfer of such PRC Taxable assets would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement. Therefore, a Shareholder buying and selling our Shares on a public market after the **[REDACTED]** is unlikely to be considered to indirectly transfer equity interest or other assets in any of our PRC subsidiaries held by our Company.

It is also stated in Circular 7 that an indirect transfer of PRC Taxable Assets shall be deemed to have reasonable commercial purpose if it meets all of the following conditions: (i) parties to the indirect transfer have one of the following equity-holding relationships: (a) the transferor, directly or indirectly, holds over 80% of the equity interest in the transferee; (b) the transferee, directly or indirectly, holds over 80% of the equity interest in the transferor; or (c) over 80% of the equity interest in each of the transferee and the transferor is held, directly or indirectly, by the same party. To the extent that the offshore company derives directly or indirectly more than 50% of its value from real estate in the PRC, the equity-holding threshold shall be 100%; for the aforesaid indirect shareholding, the equity interest shall be calculated by multiplying the equity-holding percentage at each level; (ii) the indirect transfer does not result in a reduction in the PRC income tax payable on the proceeds from a potential subsequent indirect transfer of the same PRC Taxable Properties; and (iii) the transferee pays the consideration for the indirect transfer solely in the form of its shares or the shares of entities of which the transferee is a controlling shareholder (excluding shares of publicly listed companies).

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) which became effective on 1 January 2009 and last amended on 19 November 2017 and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》) which was promulgated by MOF on 25 December 1993 and last amended on 28 October 2011, all enterprises and individuals engaging in sale of goods, the provision of labour services of processing, repair and maintenance, sale of services, intangible assets and real estate and importation of goods within the territory of the PRC shall be the taxpayers of value-added tax (the "**VAT**"), and shall pay the VAT pursuant to these Regulations. Generally the tax rate for taxpayers engaging in sale of goods, labour services, lease of tangible movables or importation of goods shall be 17%, and the tax rate engaging in sale of services and intangible assets may be 6% pursuant to these Regulations.

According to the Notice of MOF and STA on Adjusting Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) (the "**Notice on VAT**"), which became effective on 1 May 2018, for taxpayers who have the VAT taxable sales activities or imported goods, the previous applicable value-added tax rates of 17% are adjusted to be 16%.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) (the "**Announcement on VAT**"), promulgated by MOFCOM, STA and General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, with respect to the VAT taxable sales or imported goods of a VAT general taxpayer, where the VAT rate of 16% applies before, it shall be adjusted to 13% and where the VAT rate of 10% applies before, it shall be adjusted to 9%.

Pursuant to the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Valued-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》) (the "**Circular 36**"), which was implemented on 1 May 2016 and last amended and became effective on 1 April 2019, the pilot programme of the collection of VAT in lieu of business tax shall be promoted nationwide in a comprehensive manner starting from 1 May 2016. According to the Circular 36, for pilot scheme taxpayers approved by PBOC, China Banking Regulatory Commission ("**CBRC**", now known as "**CBIRC**") or MOFCOM to engage in finance lease business and provide finance lease services, the sales amount shall be the balance after loan interest paid (including interest of foreign currency loans and Renminbi loans), interest on bonds issued and vehicle purchase tax from the total money and other charges received.

The Group's automobile-related services contain automobile operating lease and other automobile-related services. For automobile operating lease, the VAT rate was the same as the automobile direct leases provided by the Group during the Track Record Period. For other automobile-related services, the VAT rate was 16% from the beginning of the Track Record Period until 31 March 2019, and then reduced to 13% according to the Announcement on VAT.

According to the Notice of STA on Levying Turnover Tax on Finance Lease Business (《國家税務總局關於融資租賃業務徵收流轉税問題的通知》), with effect from 7 July 2000, for financial lease business operated by entities approved by PBOC, regardless of whether the ownership of the leased goods is transferred to the lessee, the business tax shall be levied according to the relevant provisions of the Provisional Regulations on Business Tax of the PRC, and no VAT shall be levied. the VAT shall be levied on other financial leasing only when the ownership of the leased goods is transferred to the lessee. Otherwise, the business tax shall be levied. The Supplemental Notice of the State Administration of Taxation on the Collection of Turnover Tax on Finance Lease Business (《國家税務總局關於融資租賃業務徵收流轉税問題的補充通知》), which was promulgated and became effective on 15 November 2000, provides that the Notice of STA on Levying Turnover Tax on Finance Lease Business shall be applicable to foreign-invested enterprises and foreign enterprises operating the finance lease business approved by the Ministry of Foreign Trade and Economic Cooperation.

According to the Notice Concerning on the Taxation Issues of Selling Assets in Sale-Leaseback Financial Business of the State Administration of Taxation (《國家税務總局關於融資性售後回租業務中承租方出售資產行為有關税收問題的公告》), which was promulgated on 8 September 2010 and became effective on 1 October 2010, the sale of assets by a lessee in sale-leaseback financing does not fall within the levying scope of VAT and business tax and shall not be subject to VAT or business tax. Besides, the income from the sale of assets by the lessee in sale-leaseback financing shall not be recognised as sales income, and the depreciation of assets in financial leasing shall still be computed according to the original book value of the assets before sale as the tax base. The amount paid by the lessee as interest on financing during the lease term shall be deducted before tax as the enterprise's financial expenses.

For the Group's automobile direct finance lease business, the VAT rate was 16% according to the Notice on VAT until 31 March 2019, and was reduced to 13% according to the Announcement on VAT. For the Group's automobile sale-leaseback business, the VAT rate was 6% according to the Circular 36 during the Track Record Period.

Dividend Tax

The EIT Law provides that since 1 January 2008, an income tax rate of 10% will normally be applicable to dividends declared to foreign resident investors who do not have an establishment or place of business in mainland China, or who have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are sourced in mainland China.

Pursuant to the Double Tax Avoidance Arrangement, and other relevant applicable PRC laws, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax amount shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25% equity interest in a PRC company, such tax amount shall not exceed 5% of the gross amount of dividends payable by the PRC company after an application is made to and approved by the PRC taxation authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) issued on 20 February 2009 by STA, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. The Announcement of STA on Issues "Beneficial Owner" in Tax Treaties (《國家税務總局關於税收協定中「受益所有人」有關問題的公告》) was issued by STA on 3 February 2018, effective on 1 April 2018, abolished the Notice of STA on Interpretation and Determination of "Beneficial Owners" in Tax Agreements (《國家税務總局關於如何理解和認定税收協定中「受益所有人」的通知》), which was issued on 27 October 2009 by STA, and the Announcement on the Recognition of Beneficial Owners in Tax Treaties (《關於認定税收協定中「受益所有人」的公告》), which was issued on 29 June 2012 by STA, describes factors in favor of and factors not conducive to the determination of an applicant's status as a "beneficial owner". Applicants that are not recognised as beneficial owners will not be entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Pursuant to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家税務總局關於發佈《非居民納税人享受協定待遇管理辦法》的公告》), which was promulgated on 14 October 2019 and came into effect on 1 January 2020, non-resident taxpayers which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and are subject to follow-up administration by the tax authorities.

Vehicle Purchase Tax

Vehicle Purchase Tax and related matters are primarily regulated by the Vehicle Purchase Tax Law of the PRC (《中華人民共和國車輛購置税法》) (the "**Vehicle Purchase Tax Law**") promulgated on 29 December 2018, with effect from 1 July 2019. According to the Vehicle Purchase Tax Law, the vehicle purchase tax shall be collected as a one-off tax, and the tax rate for vehicle purchase tax is 10%.

Before the Vehicle Purchase Tax Law came into effect, MOF and State Taxation Administration jointly promulgated the Notice on the Reduction of Vehicle Purchase Tax for Passenger Vehicles up to 1.6 litres (《關於減徵1.6升及以下排量乘用車車輛購置税的通知》) (the "**Notice on the Reduction of Vehicle Purchase Tax**") on 13 December 2016 and with effect from 1 January 2017, which was repealed on 23 January 2020 eventually with the implementation of the Vehicle Purchase Tax Law. Pursuant to the Notice on the Reduction of Vehicle Purchase Tax, the vehicle purchase tax was levied at a 10 percent rate from 1 January 2018 and onwards.

On 28 June 2019, MOF and STA jointly issued the Announcement on the Continued Implementation of Preferential Policies for Vehicle Purchase Tax (《關於繼續執行的車輛購置税優惠政策的公告》) (the "**Announcement**") which came into effect on 1 July 2019. According to the Announcement, the vehicle purchase tax shall be exempted on the purchase of new energy vehicles from 1 January 2018 to 31 December 2020.

On 16 April 2020, MOF, STA and Ministry of Industry and Information Technology jointly issued the Announcement on Relevant Policies for the Exemption of Vehicle Acquisition Tax on New-energy Automobiles (《關於新能源汽車免徵車輛購置税有關政策的公告》) (the "**New-energy Automobiles Announcement**") which came into effect on 1 January 2021. According to the New-energy Automobiles Announcement, new-energy automobiles purchased shall be exempt from vehicle acquisition tax between 1 January 2021 and 31 December 2022.

On 31 December 2021, MOF, Ministry of Industry and Information Technology, Ministry of Science and Technology and NDRC jointly issued the Notice on the Fiscal Subsidy Policy for the Promotion and Application of New Energy Vehicles in 2022 (《關於2022年新能源汽車推廣應用財政補貼政策的通知》) (the "**Notice 446**"), which came into effect on 1 January 2022. According to the Notice 446, the policy of new energy vehicle purchase subsidies for 2022 will be terminated on 31 December 2022, and no subsidies will be granted to vehicles licensed after 31 December 2022.

On 31 March 2022, MOF and STA jointly issued the Announcement on Reduction of Vehicle Purchase Tax for Certain Passenger Vehicles (《關於減徵部分乘用車車輛購置税的公告》) (the "**Reduction Announcement**"), which came into effect on 1 June 2022. According to the Reduction Announcement, the vehicle purchase tax will be halved for passenger vehicles with a displacement up to 2.0 liters with price lower than RMB300,000 per unit, that are purchased between 1 June 2022 and 31 December 2022.

M&A RULES AND OVERSEAS LISTINGS

According to the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**Circular 10**") in the PRC, which were issued jointly by six PRC governmental and regulatory agencies including MOFCOM, State Administration of Foreign Exchange ("**SAFE**") and the CSRC on 8 August 2006, effective on 8 September 2006 and further amended on 22 June 2009 by MOFCOM, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes to the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through purchasing the assets of a domestic enterprise and operating these assets; or (iv) purchases the assets of a domestic enterprise, and then invest such assets to establish a foreign-invested enterprise.

On 17 February 2023, CSRC issued 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 Administrative Measures**") and five items of supporting guidelines, which mainly standardise activities relating to direct or indirect overseas issuance and listings of securities by domestic enterprises and will become effective on 31 March 2023. According to the Trial Administrative Measures, a domestic company that seeks to offer and list securities in overseas markets shall fulfill the filing procedure with the CSRC as per requirement of the Measures, submit relevant materials that contain a filing report and a legal opinion, and provide truthful, accurate and complete information on the shareholders and disclose other required information. Any overseas offering and listing made by an issuer that meets both the following conditions will be determined as indirect:

(1) 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

(2) the main parts of the issuer's business activities are conducted in the Mainland China, or its main places of business are located in the Mainland China, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in the Mainland China.

In the meanwhile, it is stipulated that under any of the following circumstances, an overseas listing shall not be allowed: (1) there are circumstances in which national laws, regulations and relevant provisions explicitly prohibit listing and financing; (2) the overseas issuance or listing threatens or endangers national security as reviewed and determined by the relevant competent departments of the State Council in accordance with the law; (3) the domestic enterprise and its controlling shareholder or actual controller have committed corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order in the recent three years; (4) the domestic enterprise is being investigated by judiciary for suspected crimes or are being investigated for major violations of laws and regulations and no definite conclusions have been reached; (5) there are major ownership disputes over equity rights held by the controlling shareholder or the shareholder governed by the controlling shareholder or the actual controller. Under the Trial Administrative Measures, a filing-based regulatory system would be implemented covering both direct and indirect overseas offering and listing. For an initial public offering and listing in an overseas market, the issuer shall submit to CSRC filing documents within three working days after the offering documents is submitted overseas. CSRC would, within 20 working days if filing documents are complete and in compliance with the stipulated requirements, issue a filing notice thereof and publish the filing results on the website of CSRC. If not, CSRC should inform the issuer of supplementary documents within 5 working days after receiving filing documents and the issuer should provide relevant supplementary documents within 30 working days.

According to the Notice on Administrative Arrangements for Filing of Domestic Enterprises' Overseas Issuance and Listing (《關於境內企業境外發行上市備案管理安排的通知》), which was promulgated by CSRC on 17 February 2023 and became effective on 31 March 2023.

Since all of our operating revenue and total assets are accounted for by domestic companies and all of our business are conducted in the Mainland China, we are subject to the Trial Administrative Measures, as advised by our PRC Legal Advisers. We have submitted the filing documents for record as required by the Trial Administrative Measures on 31 March 2023. Up to the date of this Submission, we have not received any reply from CSRC. The PRC legal advisers to the Sole Sponsor and the Sole Sponsor concur with the aforesaid view of our PRC Legal Advisers.