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## REGULATORY OVERVIEW

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### I. LAWS AND REGULATIONS RELATED TO FOREIGN INVESTMENT

China's foreign investment activities are regulated by a series of laws and regulations, especially documents such as the Foreign Investment Law of the People's Republic of China, the Negative List, and the Incentive List. These are aimed at clarifying foreign investment access policies, management measures, and industry directions.

The Foreign Investment Law of the People's Republic of China, released on March 15, 2019, established the regulatory framework for foreign investment. China implements a management system of pre-entry national treatment plus the Negative List for foreign investment. Foreign investments outside the negative list are granted national treatment.

The Measures for Reporting Information on Foreign Investment, released on December 30, 2019, specified details of the foreign investment information reporting system. When foreign investors conduct investment activities directly or indirectly within the territory of China, the foreign investors or foreign-invested enterprises shall report investment information to the competent commerce department in accordance with these measures.

According to the Catalogue of Industries for Encouraging Foreign Investment (2022 Edition) released on October 26, 2022, the manufacturing of agricultural machinery is listed as an encouraged industry for foreign investment in China.

The Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Edition) released on September 6, 2024, lists the special administrative measures for foreign investment access. According to the Negative List, the manufacturing of agricultural machinery does not fall into the categories of restricted or prohibited foreign investment.

### II. LAWS, REGULATIONS AND POLICIES RELATED TO THE AGRICULTURAL MACHINERY INDUSTRY

#### 1. Industry Development

Since the implementation of the Agricultural Technology Extension Law of the People's Republic of China in 1993, relevant departments in China have successively issued and revised a series of laws and regulations to promote the development of the agricultural machinery industry. Especially after 2004, China has further strengthened its supervision and support for the agricultural machinery industry.

The Law of the People's Republic of China on Agricultural Technology Promotion (Amended in 2024), released by the Standing Committee of the National People's Congress on July 2, 1993, explicitly states that it is necessary to strengthen the promotion of agricultural technologies, including agricultural machinery technology, to facilitate the application of agricultural research achievements and practical technologies in agricultural production as soon as possible and realize agricultural modernization.

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The Law of the People's Republic of China on Promotion of Agricultural Mechanization (amended in 2018), released by the Standing Committee of the National People's Congress on June 25, 2004, explicitly states the encouragement and support for farmers and agricultural production and operation organizations to use advanced and applicable agricultural machinery, in order to promote agricultural mechanization and develop modern agriculture.

The Measures for the Test and Appraisal of Agricultural Machinery (amended in 2018), released by the former Ministry of Agriculture on July 26, 2005, explicitly states the need to standardize the identification work of agricultural mechanization. Through scientific tests, inspections, and assessments, technical evaluations were made on the applicability, safety, and reliability of agricultural machinery, providing a basis and information for the selection and promotion of agricultural machinery.

The Regulations on the Safety Supervision and Management of Agricultural Machinery (amended in 2019), released by the State Council on September 17, 2009, clearly stated that the state encourages and supports the development, production, promotion, and application of advanced, applicable, safe, reliable, energy-saving, and environmentally friendly agricultural machinery, and establishes and improves agricultural machinery safety technical standards and safety operation procedures.

The Opinions of the State Council on Promoting the Sound and Rapid Development of Agricultural Mechanization and the Agricultural Machinery Industry, released by the State Council on July 5, 2010, clarified the guiding ideology, basic principles, and development goals for promoting the sound and rapid development of agricultural mechanization and the agricultural machinery industry, the main tasks for promoting the development of agricultural mechanization and the agricultural machinery industry, and demonstrated the attitude of increasing policy support and strengthening organizational leadership.

The Development Policy of the Agricultural Machinery Industry, released by the Ministry of Industry and Information Technology on August 17, 2011, strictly regulated the technology, product development, enterprise organizational structure, industry access, market construction, financial policy support, import and export management, etc. of agricultural machinery development.

The Made in China 2025, released by the State Council on May 8, 2015, clarified the key development of advanced agricultural machinery and equipment used in the main production processes of breeding, field preparing, sowing, management, harvesting, transportation, and storage of major grains such as grain, cotton, oil, and sugar, and strategic economic crops. It accelerated the development of high-end agricultural equipment such as large tractors and their combined operation implements, large and efficient combine harvesters, and key core components. It improved the information collection, intelligent decision-making, and precise operation capabilities of agricultural machinery and equipment, and promoted the formation of an overall information solution for agricultural production.

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The Action Plan for the Development of Agricultural Machinery and Equipment (2016-2025), released by the Ministry of Industry and Information Technology, the former Ministry of Agriculture, and the National Development and Reform Commission on December 22, 2016, clarified the guiding ideology, principles, action goals, key tasks, and guarantee measures for the development of agricultural machinery and equipment. It proposed that by 2025, the categories of agricultural machinery and equipment will be complete, the technical level of the equipment required for the full mechanization of grain crop production will be greatly improved, the equipment required for the full mechanization of the production of major economic crops will be effectively supplied, and the equipment required for mechanization in the fields of animal husbandry, fishery, fruit and tea agriculture, primary agricultural product processing, and mountainous and hilly areas will be basically met.

The Opinions of the Central Committee of the Communist Party of China and the State Council on Implementing the Rural Revitalization Strategy, released by the State Council on January 2, 2018, clearly proposed that with the goal of rural revitalization, it is necessary to promote the transformation and upgrading of China's agricultural machinery and equipment industry, strengthen joint research by scientific research institutions and equipment manufacturing enterprises, further improve the localization level of agricultural machinery for major crops, accelerate the research and development of agricultural machinery for cash crops, aquaculture, and mountainous and hilly areas, and develop high-end agricultural machinery and equipment manufacturing.

The Guiding Opinions of the State Council on Accelerating the Transformation and Upgrading of Agricultural Mechanization and the Agricultural Machinery and Equipment Industry, released by the State Council on December 21, 2018, put forward opinions on accelerating the transformation and upgrading of agricultural mechanization and the agricultural machinery and equipment industry. The development goal is that by 2025, the categories of agricultural machinery and equipment will be basically complete, key agricultural machinery products and key components will achieve coordinated development, the product quality and reliability will reach the international advanced level, the product and technology supply will basically meet the needs, and the agricultural machinery and equipment industry will enter a stage of high-quality development.

The Work Specification for the Test and Appraisal of Agricultural Machinery, released by the Ministry of Agriculture and Rural Affairs on March 8, 2019, proposed the establishment of a national informatization platform for the management and service of agricultural machinery test and appraisal, uniformly publicizing information such as the outlines of agricultural machinery appraisal, the product category guidelines, the appraisal results, and the certificates. The Agricultural Machinery Test and Appraisal Station of the Ministry of Agriculture and Rural Affairs is responsible for the operation and management.

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The Opinions of the State Council on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization, released by the State Council on January 4, 2021, clearly proposed to improve the independent research and development ability of agricultural machinery and equipment, support the research, development, and manufacturing of high-end intelligent and mountainous and hilly agricultural machinery and equipment, increase the subsidy for the purchase of agricultural machinery, and carry out subsidies for agricultural machinery operations.

The Outline of the Fourteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035, released by the National People's Congress on March 12, 2021, clearly proposed to strengthen the research, development, and application of large, medium-sized, intelligent, and compound agricultural machinery, and increase the comprehensive mechanization rate of crop cultivation, planting, and harvesting to 75%. Develop advanced and applicable agricultural machinery such as intelligent large-horsepower tractors, precision (no-till) seeders, boom sprayers, ditch fertilization machines, high-efficiency combine harvesters, fruit and vegetable harvesters, sugarcane harvesters, and cotton harvesters. Develop efficient and specialized agricultural machinery for agricultural production in mountainous and hilly areas.

The Law of the People's Republic of China on the Promotion of Rural Revitalization, released by the Standing Committee of the National People's Congress on April 29, 2021, clearly proposed to encourage the research, development, production, and promotion of agricultural machinery, promote the full mechanization of the production of major crops, promote the integration of agricultural machinery and agronomy, the integration of mechanization and informatization, and promote the adaptation of mechanized production to farmland construction and the adaptation of service models to moderately scaled agricultural operations.

The Plan for Promoting Agricultural and Rural Modernization During the Fourteenth Five-Year Plan Period, released by the State Council on November 12, 2021, clearly proposed to promote the comprehensive and all-round development of agricultural mechanization, improve the full mechanization production system of crops, and accelerate the integration of varieties, cultivation, and equipment. Increase support for intelligent, high-end, and safe agricultural machinery and equipment, highlight the preferential subsidy for excellent machines and the reward for the excellent and punishment for the inferior, support the exploration of integrated research, development, manufacturing, and application, and improve China's agricultural machinery and equipment level and international competitiveness.

The National Plan for the Development of Agricultural Mechanization During the Fourteenth Five-Year Plan Period, released by the Ministry of Agriculture and Rural Affairs on December 27, 2021, clearly pointed out that it is necessary to further promote the supply-side structural reform of agricultural mechanization, focus on making up for shortcomings, strengthening weaknesses, and promoting coordination, vigorously promote the integration and adaptation of mechanization with agronomic systems, intelligent information technology, agricultural operation modes, and farmland construction, lead and promote the innovative

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development of agricultural machinery and equipment, expand and strengthen the industrial clusters and industrial chains of agricultural mechanization, and accelerate the development of agricultural mechanization towards comprehensive, all-round, high-quality and efficient development.

The Opinions of the Central Committee of the Communist Party of China and the State Council on Doing a Good Job in Key Work of Comprehensively Promoting Rural Revitalization in 2022, released on January 4, 2022, clearly proposed to improve the research, development, and application level of agricultural machinery and equipment, comprehensively sort out the shortcomings and weaknesses, strengthen the engineering collaborative research on agricultural machinery and equipment, implement the subsidy policy for the purchase and application of agricultural machinery, optimize the subsidy payment method, focus on supporting agricultural machinery such as grain drying, crawler operation, strip intercropping of corn and soybean, and rapeseed harvesting, promote large-scale composite intelligent agricultural machinery, and carry out pilot projects for the integrated research, development, manufacturing, promotion, and application of agricultural machinery.

The National Plan for the Development of Agricultural and Rural Informatization During the Fourteenth Five-Year Plan Period, released by the Ministry of Agriculture and Rural Affairs on February 22, 2022, clearly proposed to develop intelligent agricultural machinery. Accelerate the digital transformation of agricultural machinery and equipment, support the installation of navigation and positioning, operation detection, automatic driving, and other terminals on large and medium-sized agricultural machinery, develop the precise operation of agricultural machinery in the links of tillage, sowing, fertilization, irrigation, plant protection, harvesting, and primary processing, and carry out pilot projects of unmanned farm operations for major crops. Actively develop "Internet + Agricultural Machinery Operations", promote information services such as the supply and demand docking, operation monitoring, maintenance diagnosis, and remote dispatching of agricultural machinery operation services, promote the sharing and common use of agricultural machinery, and improve the efficiency of agricultural machinery services.

The Key Points of Digital Rural Development Work in 2022, released by the Cyberspace Administration of China, the Ministry of Agriculture and Rural Affairs, the National Development and Reform Commission, the Ministry of Industry and Information Technology, and the National Rural Revitalization Administration on April 20, 2022, clearly proposed to strengthen the supply of agricultural scientific and technological innovation. Strengthen the research, development, and manufacturing of high-end intelligent agricultural machinery and equipment, implement the key special projects of the National Key Research and Development Program such as "Key Technologies and Intelligent Agricultural Machinery and Equipment for Factory Agriculture" and "Research, Development and Integrated Application of Key Common Technologies for Rural Industries". Use special funds to support a number of agricultural machinery and equipment such as rice planting machinery suitable for southern mountainous and hilly areas. Implement the subsidy policy for the purchase and application of agricultural machinery, and promote the application of Beidou intelligent terminals in the field of agricultural production. Consolidate the foundation for the development of smart agriculture.

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Continuously promote the application of high-resolution satellite data in agricultural remote sensing. Actively promote the coverage of mobile Internet of Things in rural areas, increase the deployment of narrowband Internet of Things (NB-IoT) in agricultural production scenarios. Accelerate the construction and application of agricultural and rural big data, focus on building the national agricultural and rural big data platform, establish and improve the agricultural and rural data resource system, and construct a “one map” of national agricultural and rural big data.

The Opinions of the Central Committee of the Communist Party of China and the State Council on Doing a Good Job in Key Work of Comprehensively Promoting Rural Revitalization in 2023, released on January 2, 2023, clearly proposed to accelerate the research, development, and promotion of advanced agricultural machinery. Step up the research and development of large intelligent agricultural machinery and equipment, small machinery suitable for mountainous and hilly areas, and horticultural machinery. Support the integrated application of Beidou intelligent monitoring terminals and auxiliary driving systems. Improve the subsidy policy for the purchase and application of agricultural machinery, explore a subsidy method linked to the operation volume, and local governments should fulfill their legal expenditure responsibilities.

The Key Points of Digital Rural Development Work in 2023, released by the Cyberspace Administration of China, the Ministry of Agriculture and Rural Affairs, the National Development and Reform Commission, the Ministry of Industry and Information Technology, and the National Rural Revitalization Administration on April 13, 2023, clearly proposed to strengthen the support of agricultural science and technology and intelligent equipment. Compile and release the 2023 annual project guidelines for key special projects such as “Factory Agriculture and Intelligent Agricultural Machinery and Equipment” and “Research, Development and Integrated Application of Key Common Technologies for Rural Industries”, create key equipment such as full-process intelligent operation equipment for typical cash crops and large-load plant protection drones, and continuously carry out research on key technologies such as intelligent agricultural machinery and equipment, agricultural production factories, field smart farms, and digital rural industries. Use the existing work channels to carry out project selection in the field of agricultural machinery and equipment. Actively promote agricultural machinery and equipment enterprises to coordinate the upstream and downstream of the industrial chain to accelerate the development of urgently needed equipment. Support the integrated application of Beidou intelligent monitoring terminals and auxiliary driving systems, and guide farmers to purchase and use more advanced and applicable Beidou terminals and equipment. Continuously carry out the construction of national industrial measurement and testing centers, and deepen the research and application of measurement and testing technologies, methods, and equipment for agricultural machinery and equipment. Support the establishment of an intelligent agricultural information service platform focusing on agricultural machinery and equipment, and promote the integration of information technology with agricultural machinery and agronomy.

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In January 2025, the Central Committee of the Communist Party of China and the State Council issued the Plan for the All-round Rural Revitalization (2024-2027), clearly proposing to strengthen the support of agricultural science, technology and equipment, improve the agricultural technology promotion service system, carry out the action to address the weaknesses of agricultural machinery and equipment, accelerate the research, development and application of agricultural machinery and equipment such as large high-end intelligent agricultural machinery and small machinery suitable for mountainous and hilly areas, as well as key core components; vigorously develop smart agriculture; and improve the subsidy policy for the purchase and application of agricultural machinery. Steadily promote agricultural emission reduction and carbon sequestration, popularize no-till and reduced-till sowing technologies, reduce methane emissions from agriculture and odorous emissions from livestock and poultry farming, accelerate the retirement and renewal of old agricultural machinery and the application of green technology and equipment, and carry out research on agricultural emission reduction and carbon sequestration technologies.

In April 2025, the Central Committee of the Communist Party of China and the State Council issued the Plan for Accelerating the Building of a Strong Agricultural Country (2024-2035), clearly proposing to comprehensively upgrade agricultural machinery and equipment throughout the whole process. Specifically, it includes: strengthening the research, development and application of agricultural machinery and equipment such as large high-end intelligent agricultural machinery and small machinery suitable for mountainous and hilly areas, as well as key components, and accelerating the realization of the comprehensive support of domestic agricultural machinery and equipment for the high-quality and efficient development of agriculture. Promote the retirement and renewal of old agricultural machinery and optimize the structure of agricultural machinery and equipment. Build important industrial clusters of agricultural machinery and equipment, and establish an industrial pattern with stable upstream and downstream supporting and the coordinated participation of relevant enterprises in fields such as engineering electronics. Promote the deep integration of agricultural machinery and agronomy, and promote the connection and integration of the research, development, manufacturing, maturation, standardization, promotion and application of agricultural machinery and equipment, so as to achieve full coverage of the application of high-performance agricultural machinery and equipment in the whole chain of planting, breeding and processing.

### **2. Agricultural Machinery Subsidies**

Since 2004, China has issued the Agricultural Mechanization Promotion Law and a series of supporting policies, stipulating that special funds shall be separately arranged by the central and local finances to directly subsidize farmers and agricultural production and operation organizations for purchasing advanced and applicable agricultural machinery supported and promoted by the state.

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On February 25, 2005, the Interim Measures for the Use and Management of Special Funds for the Purchase Subsidy of Agricultural Machinery issued by the Ministry of Finance and the former Ministry of Agriculture standardized the subsidy for the purchase of agricultural machinery in terms of department responsibilities, subsidy objects, application, distribution, management and supervision of subsidy funds.

On July 25, 2017, the Notice on Accelerating the Implementation of the Subsidy Policy for the Purchase of Agricultural Machinery to Promote the Supply-side Structural Reform of Agriculture issued by the former Ministry of Agriculture clearly proposed to vigorously implement open subsidies. Provinces with sufficient funds and a relatively balanced supply and demand should strive to provide open subsidies for all categories of agricultural machinery within the subsidy scope and provide subsidies for all eligible items. Provinces that do not have the conditions for open subsidies due to funding gaps should also, in light of the actual situation, increase the key categories of agricultural machinery for open subsidies.

On March 12, 2021, the Guiding Opinions on the Implementation of Agricultural Machinery Purchase Subsidies from 2021 to 2023 issued by the Ministry of Finance and the Ministry of Agriculture and Rural Affairs clearly proposed that the central financial agricultural machinery purchase subsidy shall be implemented as a fixed-amount subsidy. The Ministry of Agriculture and Rural Affairs and the Ministry of Finance shall organize the formulation and release of the main classification parameters for various categories of agricultural machinery within the national subsidy scope. Each province may optimize the parameters and increase the classification on this basis, and determine the upper limit of the subsidy amount for each grade according to the average market sales price of products in the same grade in the previous year. In principle, the upper limit of the subsidy amount shall not exceed 30% of the average market sales price of products in the same grade in the previous year, and the subsidy amount for general-purpose agricultural machinery shall not exceed the highest subsidy amount issued by the Ministry of Agriculture and Rural Affairs and the Ministry of Finance. At the same time, each province may increase the subsidy amount for some key subsidized agricultural machinery, raising the upper limit ratio of the subsidy amount from 30% to 35%.

In June 2022, the Key Policies for Strengthening Agriculture and Benefiting Farmers issued by the Ministry of Finance and the Ministry of Agriculture and Rural Affairs clearly proposed to carry out pilot projects for subsidies for the purchase and application of agricultural machinery, conduct regular informatization monitoring of operations, optimize the subsidy payment method, and take the operation volume as a prerequisite for the step-by-step payment of subsidies for the purchase and application of agricultural machinery, laying a foundation for the full implementation of the subsidy policy for the purchase and application of agricultural machinery. The policy aimed to promote the entry and exit of subsidized agricultural machinery, provide better subsidies for better machines, and promote the application of Beidou intelligent terminals in the field of agricultural production. It supports the implementation of pilot projects for the integrated research, development, manufacturing, promotion and application of agricultural machinery.

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On April 30, 2024, the Implementation Opinions on Subsidies for the Purchase and Application of Agricultural Machinery from 2024 to 2026 issued by the Ministry of Finance and the Ministry of Agriculture and Rural Affairs clearly proposed to standardize the implementation of the subsidy policy for the purchase and application of agricultural machinery, give full play to the policy benefits, and promote the high-quality development of agricultural mechanization throughout the whole process and comprehensively. Support the broad masses of farmers and agricultural production and operation organizations to purchase and use advanced and applicable agricultural machinery, and orderly include more advanced and applicable agricultural machinery into the subsidy scope. The central financial subsidy for the purchase and application of agricultural machinery shall be implemented as a fixed-amount subsidy. The Ministry of Agriculture and Rural Affairs and the Ministry of Finance shall organize the formulation of the highest subsidy amount for general-purpose agricultural machinery within the national subsidy scope. Each province shall determine the subsidy amount for agricultural machinery within its subsidy scope according to no more than 30% of the average market sales price of products in the same category and grade in the previous year. Increase the subsidy amount for some key agricultural machinery, raising the calculation ratio from 30% to 35%.

On June 17, 2024, the Notice on Increasing Work Efforts to Continuously Implement the Subsidy Policy for the Retirement and Renewal of Agricultural Machinery issued by the Ministry of Finance and the Ministry of Agriculture and Rural Affairs clearly proposed to continuously implement the subsidy policy for the retirement and renewal of agricultural machinery, accelerate the structural adjustment of agricultural machinery, and improve the high-end, intelligent and green level of agricultural machinery. The central finance shall allocate funds from the subsidy for the purchase and application of agricultural machinery to implement the subsidy policy for the retirement and renewal of agricultural machinery, and provide appropriate subsidies for retirement of old agricultural machinery. The subsidy objects are farmers and agricultural production and operation organizations engaged in agricultural production. Agricultural production and operation organizations include rural collective economic organizations, specialized farmers' cooperative economic organizations, agricultural enterprises and other organizations engaged in agricultural production and operation.

### III. LAWS AND REGULATIONS RELATED TO PRODUCTS

#### 1. Installation and Maintenance

The Regulations on the Administration of Agricultural Machinery Maintenance (amended in 2019) issued by the former Ministry of Agriculture and the former State Administration for Industry and Commerce on May 10, 2006, stipulated that agricultural machinery maintenance services must be carried out in accordance with national and industry technical standards to ensure the maintenance quality and safety. Maintenance personnel must have professional qualifications to protect the legitimate rights and interests of the parties involved in agricultural machinery maintenance.

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### 2. Intellectual Property Rights

**Patent:** The Patent Law of the People's Republic of China (amended in 2020) stipulates that a company may apply for invention, utility model or design patents according to the nature of relevant technical achievements. The term of an invention patent right is 20 years from the date of application, the term of a utility model patent right is 10 years from the date of application, and the term of a design patent right is 15 years from the date of application (for design patent rights applied for before June 1, 2021, the protection term is 10 years). For an invention completed by an employee in the performance of a task assigned by the employer or mainly using the employer's resources, the employer has the right to apply for a patent. Unless otherwise agreed between the employer and the employee, the employer shall be the patentee after the patent application is approved.

**Trademark:** The Trademark Law of the People's Republic of China (amended in 2019) stipulates that a company may register trademarks with the Trademark Office of the National Intellectual Property Administration. Registered trademarks include trademarks for goods, service marks, collective marks and certification marks. A registered trademark is valid for ten years from the date of approval of registration. If a registered trademark needs to be used continuously after the expiration of its validity period, it may be renewed every ten years. For a trademark application for registration, if the trademark is identical with or similar to a trademark that has been registered or preliminarily examined for the same kind of goods or services or for similar goods or services, the trademark registration application may be rejected. Any person applying for trademark registration shall not damage the existing prior rights of others, nor shall he/she preemptively register, by improper means, a trademark that has been used by others and has "a certain influence".

**Domain Name:** The Administrative Measures for Internet Domain Names stipulates that the Ministry of Industry and Information Technology is responsible for the supervision and management of domain name services nationwide. The communication administrative bureaus of all provinces shall supervise and manage the domain name services within their respective administrative regions. The principle of "first come, first served" shall be implemented for domain name registration services in principle. When a domain name registration service institution provides domain name registration services, it shall require the domain name registration applicant to provide the real, accurate and complete identity information of the domain name holder and other relevant information about domain name registration.

### 3. Product Quality and Product Liability

The Product Quality Law of the People's Republic of China (amended in 2018) issued by the Standing Committee of the National People's Congress on February 22, 1993, stipulated that producers and sellers must establish and improve an internal product quality management system, strictly implement the quality specifications, quality responsibilities and relevant assessment measures for each position. Product quality must pass standard inspections, and unqualified products shall not be used as standard products. Producers shall be responsible for the quality of their products and bear product quality responsibilities in accordance with the

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provisions of this law. If a product defect is caused by the fault of a product seller, the seller shall be liable to the user for any damage to any person or property caused by the relevant product. A victim who has suffered personal injury or property damage due to a product defect may claim compensation from the manufacturer of the product or from the seller of the product.

The Law of the People's Republic of China on the Protection of Consumers' Rights and Interests (amended in 2013) issued by the Standing Committee of the National People's Congress on October 31, 1993, aims to protect the rights of consumers when they purchase or use goods and receive services. All business operators must abide by this law when providing the goods they produce or sell and/or the services they provide to consumers. Consumers who have suffered personal injury or property damage due to production defects may obtain compensation from the seller or the producer in accordance with the law. After paying the compensation, the seller has the right to recover the losses from the liable producer.

The Regulations on the Safety Supervision and Management of Agricultural Machinery (amended in 2019) issued by the State Council on September 17, 2009, stipulated that agricultural machinery producers shall organize production in accordance with the industrial policies and relevant plans of the agricultural machinery industry and the safety technical standards of agricultural machinery, and establish and improve a quality assurance and control system.

#### **4. Work Safety**

The Work Safety Law of the People's Republic of China (amended in 2021) issued by the Standing Committee of the National People's Congress on June 29, 2002, stipulated that production and operation entities must abide by relevant laws and regulations on work safety, strengthen work safety management, establish and improve work safety responsibility systems and relevant rules and regulations, improve work safety conditions, promote the standardization of work safety, improve the work safety level, and ensure work safety. Production and operation entities that do not meet the work safety conditions stipulated by the Work Safety Law of the People's Republic of China and relevant laws, administrative regulations and national or industrial standards shall not engage in production and operation activities.

#### **IV. LAWS AND REGULATIONS RELATED TO ENVIRONMENTAL PROTECTION**

The Company's production business must comply with the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution and the Solid Waste Pollution Environment Prevention and Control Law of the People's Republic of China (hereinafter collectively referred to as the "Environmental Laws"). The environmental laws regulate various environmental matters, including air pollution, noise, sewage and waste discharge.

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According to the Environmental Laws, all businesses that may cause environmental pollution and other public hazards must incorporate environmental protection measures into the Company's planning and establish a reliable environmental protection system. Such businesses must take effective measures to prevent and control the pollution degree and harm to the environment caused by waste gas, waste water, solid waste, dust, odorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the processes of production, construction and other activities.

According to the Environmental Laws, the Company must conduct an environmental impact assessment before building production facilities and install pollution treatment facilities that meet relevant environmental standards, and treat pollutants before discharge.

According to the Emissions control technical requirements of non-road diesel mobile machinery (HJ1014-2020) issued by the Ministry of Ecology and Environment on December 28, 2020, starting from December 1, 2022, all non-road mobile machinery with a power rating below 560 kW and their diesel engines shall comply with the requirements of China's Stage IV emission standards (referred to as "National IV Emission Standard").

### V. REGULATIONS RELATED TO INTERNET INFORMATION SERVICE

Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council on September 25, 2000 and revised on January 8, 2011 and December 6, 2024 and came into effect on January 20, 2025 and the Administration Measures for the Filing of Not-for-profit Internet Information Services (《非經營性互聯網信息服務備案管理辦法》) released on February 8, 2005 by the former Ministry of Information Industry, effective from March 20, 2005 and last revised on January 18, 2024, internet information services are classified into "for-profit internet information services" and "not-for-profit internet information services". The for-profit internet information service refers to service activities to provide information or website design to online users for profit; the not-for-profit internet information service refers to service activities to provide online users open, shared information on internet free of charge. The national government has installed the filing system for not-for-profit internet information service. Whoever intends to provide not-for-profit internet information service through the websites visited via internet domain names or through the websites which can only be visited via IP address within the territory of the PRC shall go through filing procedures in accordance with law. Such not-for-profit internet information service provider shall, when its website is available, display its filing number at the central part on the bottom of its home page and link the URL of the filing administration system of the Ministry of Industry and Information Technology of the PRC (the "MIIT"), below the filing number for consultation and check by the public. Furthermore, an annual review procedure is required for the not-for-profit internet information service provider to go through on the filing administration system of the MIIT at a specified time each year.

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Mobile internet application is subject to monitoring by the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) promulgated by the Cyberspace Administration of China (the "CAC") on June 28, 2016 and amended on June 14, 2022 and such amendment took effect on August 1, 2022. Under these provisions, the application providers shall establish sound information content review and management mechanism by erecting and improving measures such as user registration, account management, information review, daily inspection and emergency disposal and be staffed with professionals and technical ability appropriate to the service scale. Moreover, the application providers shall not conduct acts such as false advertising and bundled downloading, nor shall they employ machine or manual click farming services for instantly boosting popularity in rankings, increasing quantity and control the ratings or use illegal and unhealthy information to induce users to download.

Pursuant to the Notice of the Ministry of Industry and Information Technology on the Record-filing of Mobile Internet Apps (《工業和信息化部關於開展移動互聯網應用程序備案工作的通知》), promulgated by the MIIT on July 21, 2023 and took effective on the same day, any APP sponsor that engages in Internet information services within the territory of the PRC shall go through the record-filing formalities in accordance with the Law of the People's Republic of China Against Telecommunications and Internet Frauds (《中華人民共和國反電信網絡詐騙法》), the Administrative Measures on Internet-based Information Services (《互聯網信息服務管理辦法》) and other regulations. Any APP sponsor that fails to complete the record-filing formalities shall not engage in APP Internet information services.

The Company's business includes Internet information services and operational e-commerce, and therefore must comply with the aforementioned laws and regulations related to Internet information service and cybersecurity.

## VI. LAWS AND REGULATIONS RELATED TO INFORMATION AND CYBERSECURITY

The PRC government has proposed or promulgated a number of new measures and regulations in recent years regarding cybersecurity and data security. The Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) promulgated by the Ministry of Public Security (the "MPS"), the State Secrecy Bureau, the State Cipher Code Administration and the former Information Office of the State Council on June 22, 2007, divide the security protection of information systems into five grades based on the degree of harm to national security and public interests caused by the destruction of the information system to the legitimate rights and interests of citizens, legal persons and other organisations, social public order and public interests and the national security and require the operators of information systems ranking Grade II or above to file an application with the local competent public security authorities for information systems already put into operation within 30 days since the date when its security protection grade was determined and for newly built information system of Grade II or above within 30 days since its information system is put into operation.

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On July 1, 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day. The National Security Law provides that the state shall build a network and information security guarantee system and improve network and information security protection capability to realise the controllability and security of the network information key technologies and critical infrastructure and the information systems and data in important fields. In addition, a national security review and supervision system is required to be established to review, among other things, foreign investment, special items and key technologies and network information technology products and services, construction projects involving national security matters and other important activities that affect or are likely to affect national security of the PRC. On November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which came into effect on June 1, 2017 and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. Network service providers who do not comply with the PRC Cybersecurity Law may be subject to correction orders, warnings, fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses. On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect on September 1, 2021. The PRC Data Security Law provides for data security obligations and duties on entities and individuals carrying out data processing activities. The PRC Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken according to respective data security protection grade. Violation of the PRC Data Security Law may be subject to an order to cease illegal activities, warnings, fines, suspension of business and revocation of business licenses or operating permits, and the personnel directly in charge or other directly responsible personnel may be imposed with fines.

On July 30, 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which took effect on September 1, 2021. According to the regulations, a “critical information infrastructure” refers to an important network facility and information system in important industries and fields such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people’s livelihood, or the public interests in the event of damage, loss of function, or data leakage. The competent authorities shall inform the relevant operators in a timely manner if such operators are determined as the critical information infrastructure operators.

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The Data Security Law of the People’s Republic of China issued by the Standing Committee of the National People’s Congress on June 10, 2021, establishes a data classification and grading protection system according to the importance of data in economic and social development and the degree of harm caused to China’s security, public interests or the legitimate rights and interests of individuals and organizations in case of tampering, damage, leakage or illegal acquisition and illegal use of data. This law also stipulates that a security review procedure must be carried out for data activities that may affect China’s security.

The Measures for the Cybersecurity Review (2021) jointly revised and issued by the Cyberspace Administration of China and 12 other Chinese regulatory authorities on December 28, 2021, stipulates that if the procurement of network products and services by operators of critical information infrastructure and the data processing activities carried out by network platform operators affect or may affect China’s security, a cybersecurity review shall be carried out in accordance with the Measures for the Cybersecurity Review (2021). Where members of the cybersecurity review working mechanism believe that network products and services and data processing activities affect or are likely to affect national security, the Cybersecurity Review Office shall report to the Central Cyberspace Affairs Commission for approval as per procedure, and then conduct a review in accordance with the Cybersecurity Review Measures. The Cybersecurity Review Measures provide that the relevant parties who violate the Cybersecurity Review Measures shall be subject to legal consequences in accordance with the PRC Cybersecurity Law and the PRC Data Security Law.

On September 24, 2024, the State Council issued the Regulations on the Administration of Network Data Security (the Data Security Regulations), which applies to the relevant activities of data processing carried out through the network within the territory of China and the supervision and management of network data security, as well as some activities of processing domestic data outside China. The Data Security Regulations took effect on January 1, 2025. The Data Security Regulations provide more detailed guidelines on the current rules on various aspects of data processing, including the processors’ announcement of data processing rules, obtaining consents and separate consents, security of important data and cross-border transfer of data, and further obligations of platform operators. The Data Security Regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to national security review in accordance with relevant laws and regulations. Furthermore, the Data Security Regulations do not include the article of “if a data processor’s proposed listing in Hong Kong affect or may affect national security, the data processor shall apply for the cyber security review according to relevant laws and regulations” that as presented in the Administrative Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》), which was promulgated by the CAC on November 14, 2021.

On December 8, 2022, the Ministry of Industry and Information Technology (MIIT) issued the Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation), which came into effect on January 1, 2023. The Measures set out detailed provisions on data classification and grading, data full lifecycle

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security management, and Data Security Monitoring, Early Warning and Emergency Management. According to the Measures, data in the industrial and information technology sector is categorized into three levels: general data, important data and core data. Data processors in the field of industry and information technology are required to identify their important data and core data in accordance with the identification standards issued by MIIT and submit the catalog of important data and core data to the relevant authorities for record-filing.

In the meantime, the PRC regulatory authorities have also enhanced the supervision and regulation on cross-border data transfer. On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-Border Data Transfer (《數據出境安全評估辦法》), which took effect on September 1, 2022. These measures require the data processors providing data overseas and falling under specified circumstances apply for the security assessment of cross-border data transfer to the national cybersecurity authority through its local provincial counterpart. In addition, on February 22, 2023, the Provision on the Standard Contract on Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》) (the “**Provisions on Standard Contract**”) were promulgated by the CAC, which took effect on June 1, 2023. The provisions on Standard Contract attach the Standard Contract for cross-border transfer of personal information that could be used to satisfy one of the conditions for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law.

The CAC implemented the Regulations on Promoting and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》) (the “**New Cross-Border Data Regulations**”) on March 22, 2024. The New Cross-Border Data Regulations adjust the implementation of the data cross-border security assessment, standard contract administration on cross-border transfer of personal information, and personal information protection certification systems, which were previously issued by the Cyberspace Administration of China in the Measures for the Security Assessment of Cross-Border Data Transfer and the Provision on the Standard Contract on Cross-border Transfer of Personal Information. According to Article 3 of the New Cross-Border Data Regulations, data collected and generated in activities such as international trade, cross-border transportation, academic cooperation, transnational production and manufacturing, and marketing, which is provided overseas and does not contain personal information and important data, is exempt from the declaration of data cross-border security assessment, the conclusion of a standard contract for personal information cross-border transfer, and the personal information protection certification. According to Article 7 of the New Cross-Border Data Regulations, data processors who provide data overseas and meet one of the following conditions should apply for data cross-border security assessment to the national cyberspace authority through the provincial cyberspace administration where they are located: (i) operators of critical information infrastructure provide personal information or important data overseas; or (ii) data processors other than operators of critical information infrastructure provide important data overseas, or have provided personal information of more than 1 million people (excluding sensitive personal information) or more than 10,000 people of sensitive personal information overseas since January 1 of the current year.

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The Company's business includes Internet information services and business e-commerce, and it should comply with the above-mentioned laws and regulations regarding information and network security.

### VII. REGULATIONS RELATING TO PERSONAL INFORMATION PROTECTION

In recent years, PRC regulatory authorities have enacted laws and regulations on internet use to protect personal information from any unauthorised disclosure. The PRC Cybersecurity Law imposes certain data protection obligations on network operators, including that network operators may not disclose, tamper with, or damage the personal information that they have collected, or provide the personal information to others without obtaining consent from the persons whose information has been collected unless otherwise required or permitted by applicable laws and regulations. Moreover, network operators are obligated to delete unlawfully collected information and to amend incorrect information.

On December 29, 2011, the MIIT issued the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which took effect on March 15, 2012 and stipulates that internet information service providers may not collect any user personal information or provide any such information to third parties without the consent of the user, unless otherwise stipulated by laws and administrative regulations. An internet information service provider is also required to properly store users' personal information, and in case of any leak or any possibility of leak of the users' personal information, the internet information service provider must take immediate remedial measures and, when serious consequences have been caused or may be caused, make an immediate report to the telecommunications regulatory authority and cooperate with the relevant authorities in investigation.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC in 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), issued by the MIIT in 2013, any collection and use of a user's personal information must abide by the principles of legality, legitimacy and necessity, explicitly state the purpose, manners and scopes of the information collection and uses, obtain the consent of the user and shall not violate the provisions of laws, regulations and the agreement with the users. Any violation of these laws and regulations may subject the internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》) issued and effective on April 23, 2013 and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Application of Law in Criminal Cases involving Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued on May 8, 2017 and took

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effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing citizens' personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected personal information of citizens to others without such citizen's consent (unless the information is processed, not identifiable to a specific person and not recoverable) in violation of relevant national provisions; (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations. In addition, the Opinions of the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security on Several Issues Concerning the Application of Criminal Procedures in Handling of Criminal Cases Involving Information Networks (《最高人民法院、最高人民檢察院、公安部關於辦理信息網絡犯罪案件適用刑事訴訟程序若干問題的意見》), which took effect on September 1, 2022, further provide detailed procedures on facilitating the handling of criminal cases of (i) refusing to perform the obligation of managing the security of the information networks, (ii) illegally using the information networks, or (iii) assisting in the criminal activities of the information networks.

With respect to the security of information collected and used by mobile apps, and to protect the rights and interests of app users pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which was issued by the Central Cyberspace Affairs Commission, the MIIT, the MPS, and the SAMR on January 23, 2019, app operators shall collect and use personal information in compliance with the PRC Cybersecurity Law and shall be responsible for the security of personal information obtained from users and take effective measures to strengthen personal information protection. Furthermore, app operators shall not force their users to make authorisation by means of default, bundling, suspending installation or use of the app or other similar means and shall not collect and use personal information in violation of laws, regulations or in breach of user agreements. Such regulatory requirements were emphasised by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests (《關於開展APP侵害用戶權益專項整治工作的通知》) issued by MIIT on October 31, 2019. On November 28, 2019, the CAC, the MIIT, the MPS and the SAMR jointly issued the Methods of Identifying Illegal Acts to Collect and Use Personal Information by APPs (《App違法違規收集使用個人信息行為認定方法》). This regulation further illustrates certain common illegal practices of app operators in terms of personal information protection and specifies acts of app operators that will be considered as "collection and use of personal information without users' consent".

On May 28, 2020, the NPC adopted the Civil Code of the PRC (《中華人民共和國民法典》), which came into effect on January 1, 2021. Pursuant to the Civil Code of the PRC, the personal information of a natural person shall be protected by the law. Any organisation or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, store, use, process or transmit personal information of others, or illegally buy or sell, provide or make public personal information of others.

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On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which took effect on November 1, 2021. Pursuant to the Personal Information Protection Law, “personal information” refers to any kind of information related to an identified or identifiable individual as electronically or otherwise recorded but excluding the anonymised information. The processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information. The Personal Information Protection Law applies to the processing of personal information of natural persons within the territory of the PRC, as well as personal information processing activities outside the territory of PRC, for the purpose of providing products or services to natural persons located within China, or for analysing or evaluating the behaviors of natural persons located within China, or for other circumstances as prescribed by laws and administrative regulations. A personal information processor may process the personal information of this individual only under the following circumstances: (i) where consent is obtained from the individual; (ii) where it is necessary for the execution or performance of a contract to which the individual is a party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded; (iii) where it is necessary for performing a statutory responsibility or statutory obligation; (iv) where it is necessary in response to a public health emergency, or for protecting the life, health or property safety of a natural person in the case of an emergency; (v) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes; (vi) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope; or (vii) any other circumstance as provided by laws or administrative regulations. In principle, the consent of an individual must be obtained for the processing of his or her personal information, except under the circumstances of the aforementioned items (ii) to (vii). Where personal information is to be processed based on the consent of an individual, such consent shall be a voluntary and explicit indication of intent given by such individual on a fully informed basis. If laws or administrative regulations provide that the processing of personal information shall be subject to the separate consent or written consent of the individual concerned, such provisions shall prevail.

On February 12, 2025, the Cyberspace Administration of China (CAC) issued the Administrative Measures for Personal Information Protection Compliance Audits, which will come into effect on May 1, 2025. For the purpose of these Measures, the term “Personal Information Protection Compliance Audit” refers to the supervision activities that examine and evaluate whether the personal information processing activities of personal information processors comply with laws and administrative regulations. Any personal information processor processing the personal information of more than 10 million people shall carry out the personal information protection compliance audits at least once every two years.

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### VIII. LAWS AND REGULATIONS RELATED TO LABOR PROTECTION AND SOCIAL SECURITY

China has a large number of labor and safety regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulations on Work-Related Injury Insurance, the Regulations on Unemployment Insurance, the Trial Measures for Maternity Insurance for Enterprise Employees, the Interim Measures for the Administration of Social Insurance Registration, the Interim Regulations on the Collection and Payment of Social Insurance Premiums, and other relevant regulations, rules and provisions issued from time to time by relevant government agencies in China.

The Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China stipulate that an employer and an employee must sign a written labor contract to establish an employment relationship. The wage shall not be lower than the local minimum wage standard. The employer must establish a labor safety and hygiene system, strictly abide by Chinese standards, and provide relevant education to employees. The employer must also provide its employees with a safe and hygienic working environment in line with national regulations, and conduct regular health checks on employees engaged in hazardous work.

The Regulations on Work-Related Injury Insurance, the Trial Measures for Maternity Insurance for Enterprise Employees, the Social Insurance Law of the People's Republic of China, the Interim Regulations on the Collection and Payment of Social Insurance Premiums and the Interim Measures for the Administration of Social Insurance Registration stipulate that employers must pay social insurance for Chinese employees, including basic endowment insurance, unemployment insurance, maternity insurance, work-related injury insurance and basic medical insurance.

Pursuant to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was issued by the General Office of the Communist Party of China and the General Office of the State Council on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities.

On September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Enforcement Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) which prohibits local authorities from unilaterally requiring all applicable companies to make up for historically underpaid or unpaid social insurance contributions in one go.

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On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

### IX. LAWS AND REGULATIONS RELATED TO TAXATION

1. Enterprise Income Tax: The Enterprise Income Tax Law of the People's Republic of China and the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China are the main laws and regulations for prescribing and managing enterprise income tax in China. According to the Enterprise Income Tax Law and the Implementation Regulations of the Enterprise Income Tax Law, enterprises are divided into resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise established within the territory of China in accordance with the law, or an enterprise established in accordance with the laws of a foreign (regional) country but with its actual management institution within the territory of China. A non-resident enterprise refers to an enterprise established in accordance with the laws of a foreign (regional) country and with its actual management institution not within the territory of China, but which has established an establishment or place within the territory of China, or an enterprise that has not established an establishment or place within the territory of China but has income sourced from within the territory of China. An enterprise income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have established an establishment or place within the territory of China, and the relevant income of such non-resident enterprises is sourced from the establishment or place they have established within the territory of China, or although it is sourced from outside China, it has a real connection with the establishment or place they have established within the territory of China. The enterprise income tax of high-tech enterprises that need key support in China is reduced to a tax rate of 15%. Non-resident enterprises that have not established an establishment or place within the territory of China, or have established an establishment or place but the income of the above-mentioned enterprises has no real connection with the established establishment or place, must pay enterprise income tax at the rate of 10% on their income sourced from within the territory of China.

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2. Value-Added Tax: According to the Announcement on Relevant Policies for Deepening the Reform of Value-Added Tax (Announcement No. 39 of 2019 of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs of the People’s Republic of China), since April 1, 2019, for agricultural machinery products, when a general VAT taxpayer conducts VAT taxable sales activities or imports goods, the tax rate is reduced to 9%. According to the Notice of the Ministry of Finance and the State Taxation Administration on the Policy of Exempting and Levying Value-Added Tax on Certain Agricultural Means of Production (Caishui [2001] No. 113), the wholesale and retail of agricultural machinery are exempt from value-added tax. According to the Announcement on the Policy of Additional Deduction of Value-Added Tax for Advanced Manufacturing Enterprises (Announcement No. 43 of 2023 of the Ministry of Finance and the State Taxation Administration), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct 5% of the current deductible input tax amount to offset the payable value-added tax amount.

### **X. LAWS AND REGULATIONS RELATED TO OVERSEAS LISTING OF DOMESTIC ENTERPRISES**

On February 17, 2023, the China Securities Regulatory Commission (CSRC) issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Notice on the Arrangement of the Filing Management for Overseas Issuance of Securities and Listing by Domestic Enterprises and the corresponding guidelines (collectively referred to as the “Filing Measures”).

According to the Filing Measures, Chinese domestic enterprises that issue securities overseas directly or indirectly or list their securities for trading overseas must file with the CSRC within three working days after submitting the listing application documents to the relevant regulatory authorities of the intended listing place. When a domestic enterprise issues securities overseas directly or lists its securities for trading overseas, it means that a joint stock limited company registered within the territory of China issues securities overseas or lists its securities for trading overseas. When a domestic enterprise issues securities overseas indirectly or lists its securities for trading overseas, it means that an enterprise whose main business operations are within the territory of China, in the name of an overseas enterprise, issues securities overseas or lists securities for trading overseas based on the equity, assets, earnings or other similar rights and interests of the domestic enterprise. The determination of the overseas indirect listing of a domestic enterprise should be based on substance over form.

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### XI. LAWS AND REGULATIONS RELATED TO THE FULL CIRCULATION OF H-SHARES

“Full circulation of H-shares” refers to the listing and circulation of the unlisted shares within China of an H-share listed company (including the unlisted domestic shares held by domestic shareholders before overseas listing, the unlisted domestic shares issued additionally within China after overseas listing, and the unlisted shares held by foreign shareholders) on the Stock Exchange of Hong Kong.

On November 14, 2019, the CSRC promulgated the Business Guidelines for the Application of Unlisted Shares within China of H-share Companies for “Full Circulation” (amended in 2023) (referred to as the “Full Circulation” Business Guidelines for short). According to the “Full Circulation” Business Guidelines, on the premise of complying with relevant laws and regulations and policy requirements such as state-owned asset management, foreign investment and industry supervision, shareholders of unlisted shares within China may independently negotiate to determine the quantity and proportion of shares applied for circulation, and entrust the H-share listed company to submit an application for “full circulation”. On December 31, 2019, China Securities Depository and Clearing Corporation Limited (“China Clear”) and the Shenzhen Stock Exchange jointly promulgated the Implementation Rules for the “Full Circulation” Business of H-shares (“Implementation Rules” for short). The Implementation Rules shall apply to the relevant businesses involved in the “Full Circulation” business of H-shares, such as cross-border transfer registration, custody and maintenance of holding details, trading entrustment and instruction transmission, settlement, settlement participant management, and nominal holder services.

In order to comprehensively promote the reform of the “full circulation” of H-shares and clarify the business arrangements and handling procedures for the registration, custody, settlement and delivery of relevant shares, in February 2020, China Securities Depository and Clearing (Hong Kong) Limited (“China Clear (Hong Kong)”) promulgated the Business Guidelines for the “Full Circulation” of H-shares of China Securities Depository and Clearing (Hong Kong) Limited, specifying relevant matters such as custody, depository services, the agent services of China Clear (Hong Kong), settlement arrangements and other related matters. On September 20, 2024, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited issued the Business Guidelines for the “Full Circulation” of H-shares of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, specifying matters such as business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody.

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### **XII. LAWS AND REGULATIONS RELATED TO ANTI-UNFAIR COMPETITION AND ANTI-MONEY LAUNDERING**

1. **Anti-Unfair Competition:** The Anti-Unfair Competition Law of the People's Republic of China (amended in 2019) issued by the Standing Committee of the National People's Congress on September 2, 1993, stipulates that unfair competition acts refer to acts of business operators in production and business activities that violate the provisions of the Anti-Unfair Competition Law, disrupt the market competition order, and damage the legitimate rights and interests of other business operators or consumers. According to the Anti-Unfair Competition Law, business operators must abide by the principles of voluntariness, equality, fairness and good faith when conducting market transactions, and uphold laws and business ethics. If a business operator violates the provisions of the Anti-Unfair Competition Law, it shall bear relevant civil liabilities, administrative liabilities and criminal liabilities according to specific circumstances.
2. **Anti-Money Laundering:** The Anti-Money Laundering Law of the People's Republic of China (amended in 2024) which came into effect on January 1, 2007, stipulates that anti-money laundering refers to the act of taking relevant measures in accordance with the provisions of the Anti-Money Laundering Law to prevent the money laundering activities of concealing and disguising the sources and natures of the proceeds and their benefits from crimes such as drug-related crimes, crimes of organizations in the nature of underworld syndicates, terrorist activities crimes, smuggling crimes, crimes of corruption and bribery, crimes of disrupting financial management order, and financial fraud crimes through various means. Any entity or individual who discovers money laundering activities has the right to report it to the anti-money laundering administrative department in charge or the public security organ. The organ accepting the report shall keep the informant and the reported content confidential.

### **XIII. PROVISIONS RELATED TO ISSUANCE**

The Conclusions and Further Consultation Paper on Proposals to Optimise IPO Price Discovery and Open Market Requirements was issued by The Stock Exchange of Hong Kong Limited (SEHK) on August 1, 2025. This document has made revisions to the contents of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited that relate to the minimum public shareholding ratio, tradable share ratio and issuance structure.