NEW ENERGY INDUSTRY POLICIES IN CHINA

According to the *Guiding Opinions on Promoting the Development of the Energy Electronics Industry*, jointly issued by the Ministry of Industry and Information Technology, the National Energy Administration and four other authorities on January 3, 2023, China will enhance technological breakthroughs for industrialization of new energy storage batteries and promote large-scale application of advanced energy storage technologies and products. Focus areas include ultra-long-life and high-safety battery systems, large-scale high-capacity efficient storage, and mobile energy storage for transportation vehicles. R&D will be accelerated for solid-state batteries, sodium-ion batteries, hydrogen energy storage/fuel cells, and other next-generation batteries. Intelligent production processes and equipment, advanced integration and manufacturing technologies, and performance testing and evaluation methods will be promoted. The policy also emphasizes strengthening the capacity to secure key resources such as lithium, nickel, cobalt and platinum, and reinforcing the development and application of alternative materials. Hybrid energy storage systems based on complementary strengths of power-type and energy-type electrochemical technologies will be supported. Additionally, the establishment of full-lifecycle traceability management platforms for batteries will be encouraged, alongside research on battery carbon footprint accounting standards and methodologies, and exploration of carbon emission management systems for battery products.

According to the *Opinions on Accelerating the Comprehensive Green Transition of Economic and Social Development*, jointly issued by the CPC Central Committee and the State Council on July 31, 2024, China will promote low-carbon transportation vehicles, vigorously develop new energy vehicles, and advance the electrification of urban public service vehicles. The country will promote the adoption of clean-energy power systems for vessels, aircraft, and non-road mobile machinery; accelerate the phase-out of outdated transportation vehicles; advance zero-emission freight; strengthen R&D and application of sustainable aviation fuels; and encourage the development, production and application of net-zero marine fuels. By 2030, carbon emission intensity per unit of converted turnover volume for transportation vehicles is targeted to fall by around 9.5% compared with 2020, and by 2035, new energy vehicles are expected to become the mainstream of new vehicle sales.

According to the *Special Action Plan for the Large-scale Development of New-type Energy Storage (2025—2027)*, jointly issued and distributed by the National Development and Reform Commission and the National Energy Administration on August 27, 2025 and publicly released on September 12, 2025, new-type energy storage in China is expected to achieve large-scale and market-oriented development by 2027, with technological innovation and equipment manufacturing capabilities remaining among the global leaders. Market mechanisms, business models, and standards systems will be largely mature and well-established. A diversified energy storage system capable of supporting the stable operation of the new power system will be initially established, forming an integrated, complementary, and highly efficient overall structure to provide strong support for the green transition of the energy sector. The plan sets a nationwide target of new-type energy storage capacity exceeding 180 million KW, with approximately RMB250 billion in direct project investment. Lithium-ion battery storage remains the primary technological route, while technological routes and application scenarios will further diversify, fostering multiple pilot projects and exemplary application scenarios.

According to the *Recommendations of the Central Committee of the Communist Party of China (CPC) for Formulating the 15th Five-Year Plan for National Economic and Social Development*, adopted at the Fourth Plenary Session of the 20th CPC Central Committee on October 23, 2025, the following key directions are defined: China will steadily increase the share of new energy in the total energy supply, advance the systematic transition from fossil fuels to safe, reliable alternatives, and build a new electric power system, all with the aim of making the country strong in the energy sector. It will develop wind, photovoltaic, hydro, and nuclear energy, promote both local grid integration and outward power transmission, and boost high-quality development of clean energy; promote clean and efficient use of fossil fuels; continue to upgrade coal-fired power plants, and phase out the use of coal in non-industrial sectors. The country will make power grids safer and more resilient and enhance the complementarity between them. Sound plans will be drawn up for pumped-storage hydropower, new types of energy storage will be developed, and the construction of smart grids and microgrids will be accelerated. China will increase the proportion of electricity in final energy consumption and encourage green and low-carbon energy consumption. It will accelerate efforts to foster robust market and pricing mechanisms for a new energy system.

POLICIES FOR THE FINE CHEMICALS INDUSTRY

The *Implementation Plan for Innovative Development of the Fine Chemical Industry (2024—2027)*, issued on July 2, 2024 jointly by the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Ecology and Environment, the Ministry of Agriculture and Rural Affairs, the Ministry of Emergency Management, the Chinese Academy of Sciences, the Chinese Academy of Engineering, and the National Energy Administration, proposes to: "focus on high-value utilization of mineral resources such as fluorine, silicon, and phosphorus; develop ultra-pure hydrofluoric acid, specialty fluorinated monomers, fourth-generation fluorinated refrigerants, and other fluorine-containing chemicals, as well as high-quality fluororesins, high-performance fluororubbers, and other fluorine-containing new materials; develop new organic silicon monomers and advanced silicon materials including high-performance silicone oils, silicone rubbers, and silicone resins; and develop phosphorus-based new energy materials, high-performance phosphorus-containing flame retardants, plasticizers, water treatment agents, pharmaceutical and pesticide intermediates, black phosphorus-based materials, and other high-value-added phosphorus chemicals."

LAWS AND REGULATIONS IN CHINA ON WORK SAFETY, CHEMICALS, ENVIRONMENTAL PROTECTION, AND ENERGY CONSERVATION REVIEW

Work Safety

According to the *Law of the People's Republic of China on Work Safety*, most recently amended by the Standing Committee of the National People's Congress on June 10, 2021 and effective on September 1, 2021, entities engaged in production and business activities within China must meet the work safety conditions prescribed by this law, other relevant laws, administrative regulations, national standards, or industry standards; entities that do not meet the required work safety conditions shall not engage in production or business activities. Production and business entities shall strengthen work safety management, establish and improve all-staff work safety responsibility system and work safety regulations, and increase investment in work safety funds, materials, technology, and personnel. Production and business entities shall improve work safety conditions, promote standardization and informatization of work safety management, implement a dual prevention mechanism for graded risk control and hidden hazard identification and management, and establish mechanisms for risk prevention and mitigation, so as to enhance overall safety levels and ensure safe production.

According to the *Regulations on Work Safety Permits*, most recently amended by the State Council on July 29, 2014 and effective on the same day, China implements a work safety permit system for mining enterprises, construction enterprises, and production enterprises of hazardous chemicals, fireworks, and civil explosives. Enterprises shall not engage in production activities without obtaining a work safety permit. After obtaining a work safety permit, enterprises shall not lower the work safety conditions, and shall strengthen routine work safety management and accept supervision and inspection from the permit issuing and administration authorities.

According to the *Regulation on Emergency Responses to Work Safety Accidents*, issued by the State Council on February 17, 2019 and effective on April 1, 2019, production and business entities shall strengthen emergency preparedness for work safety accidents, establish and improve an emergency responsibility system for work safety accidents, with the principal person in charge being fully responsible for the unit's emergency response to work safety accidents.

Hazardous Chemicals

According to the *Regulations on the Safety Management of Hazardous Chemicals*, most recently amended by the State Council on December 7, 2013 and effective on the same day, the Regulations apply to the production, storage, use, operation, and transportation of hazardous chemicals. Hazardous chemicals are defined as highly toxic chemicals and other chemicals with properties such as toxicity, corrosion, explosiveness, flammability, or oxidizing potential, which may pose hazards to humans, facilities, or the environment. No entity or individual may engage in the production, storage, use, operation, transportation, or other activities involving hazardous chemicals without approval. No entity or individual may produce, operate, or use hazardous chemicals prohibited by the state. Enterprises producing hazardous chemicals listed in the *Catalog of Hazardous Chemicals* must obtain a work safety permit for hazardous chemicals in accordance with the *Regulations on Work Safety Permits* before commencing production. Where the state imposes restrictive regulations on the use of hazardous chemicals, no entity or individual may violate these restrictions.

According to the *Measures for the Administration of Hazardous Chemicals Operation Permit* (Order No. 79 of the State Administration of Work Safety), most recently amended by the Ministry of Emergency Management (formerly the State Administration of Work Safety) on May 27, 2015 and effective on July 1, 2015, the state implements a licensing system for the operation (including warehousing and sales) of hazardous chemicals listed in the *Catalog of Hazardous Chemicals* in China. Enterprises engaging in such operations must obtain a hazardous chemicals operation permit in accordance with these Measures. However, hazardous chemicals production enterprises that have legally obtained a work safety permit for hazardous chemicals are exempt from obtaining a hazardous chemicals operation permit when selling their own products within their factory premises.

According to the *Measures for the Administration of Registration of Hazardous Chemicals*, issued by the Ministry of Emergency Management (formerly the State Administration of Work Safety) on July 1, 2012 and effective on August 1, 2012, the state implements a registration system for hazardous chemicals. Enterprises producing or importing hazardous chemicals listed in the *Catalog of Hazardous Chemicals* must complete registration with the work safety supervision authority prior to project completion acceptance or the first import activity. The hazardous chemicals registration certificate is valid for three years, and enterprises may apply for renewal within three months before the certificate expires.

Environmental Protection

According to the *Environmental Protection Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on April 24, 2014 and effective on January 1, 2015, any entity that discharges or is about to discharge pollutants in the course of its operations or other activities must take effective environmental protection measures to control and properly manage hazardous substances generated during such activities, including waste gas, wastewater, solid waste, dust, odorous gases, radioactive substances, noise, vibration, and electromagnetic radiation. The state implements a pollutant discharge permit system in accordance with the law.

Pollutant Discharge Permit

According to the *Regulations on the Administration of Pollutant Discharge Permits*, issued by the State Council on January 24, 2021 and effective on March 1, 2021, enterprises, institutions, and other operators subject to the pollutant discharge permit system must discharge pollutants in accordance with these Regulations. No entity may discharge pollutants without obtaining a discharge permit. Environmental protection authorities may impose administrative penalties, including fines, orders to rectify, production restrictions, suspension of operations, or orders to suspend business, on individuals or enterprises that violate the *Environmental Protection Law of the People's Republic of China*.

According to the *Measures for the Administration of Pollutant Discharge Permits*, issued by the Ministry of Ecology and Environment on April 1, 2024 and effective on July 1, 2024, enterprises, institutions, and other operators subject to the discharge permit system under the law must apply for and obtain a pollutant discharge permit and discharge pollutants in accordance with the permit. Entities without a pollutant discharge permit shall not discharge pollutants. Enterprises, institutions, and other operators required by law to submit a pollutant discharge registration form must complete the registration on the National Pollutant Discharge Permit Administration Information Platform.

According to the *Catalog for Classification Management of Pollutant Discharge Permits for Fixed Pollution Sources (2019 Edition)*, published by the Ministry of Ecology and Environment on December 20, 2019 and effective on the same day, pollutant discharging entities are classified for key management, simplified management, or registration management of discharge permits based on factors including pollutant generation, discharge volumes, and environmental impact.

Solid Waste

According to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, most recently amended by the Standing Committee of the National People's Congress on April 29, 2020 and effective on September 1, 2020, entities and individuals engaged in the generation, collection, storage, transportation, utilization, or disposal of solid waste shall take measures to prevent or reduce environmental pollution caused by solid waste, and shall be legally liable for any environmental pollution caused. Solid waste identified as hazardous waste shall be managed in accordance with hazardous waste management requirements.

Fire Protection

According to the *Fire Protection Law of the People's Republic of China*, most recently amended on April 29, 2021 and effective on the same day, the Ministry of Emergency Management of the State Council and the emergency management departments of local governments at or above the county level are responsible for supervising and administering fire protection work. The fire protection design and construction of construction projects must comply with national fire protection technical standards for construction projects.

According to the *Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects*, most recently amended by the Ministry of Housing and Urban-Rural Development on August 21, 2023 and effective on October 30, 2023, special construction projects as specified under Article 14 of the *Interim Provisions* are subject to fire protection design review and final fire inspection. For construction projects other than special construction projects for which fire protection design is required in accordance with national fire protection technical standards for construction projects, fire protection acceptance filing and spot checks shall be implemented.

Energy Conservation Review

According to the *Energy Conservation Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on October 26, 2018 and effective on the same day, China implements an energy conservation assessment and review system for fixed-asset investment projects. Projects that do not meet mandatory energy conservation standards may not commence construction, and completed projects may not be put into production or use.

According to Measures for Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects, issued by the National Development and Reform Commission on July 17, 2025 and effective on September 1, 2025, energy conservation review opinions constitute an important basis for project commencement, completion acceptance, and operational management. For government-funded projects, the project owner must obtain an energy conservation review opinion from the review authority before submitting the feasibility study report for the project. For enterprise-funded projects, the project owner must obtain the energy conservation review opinion before construction commences. Projects that fail to undergo the required energy conservation review or fail to pass the review may not commence construction, and completed projects may not be put into production or use.

LAWS AND REGULATIONS ON PRODUCT QUALITY IN CHINA

According to the *Product Quality Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on December 29, 2018 and effective on the same day, the market regulation department under the State Council is responsible for national product quality supervision. Producers are prohibited from manufacturing or selling products that fail to meet standards and requirements for protecting human health and personal and property safety. Products shall not entail unreasonable risks to personal or property safety. Where a product defect causes personal injury or damage to others' property, the victim may claim compensation from the producer or seller of the product. Producers and sellers of non-compliant products may be ordered to suspend production or sales, and may be ordered to surrender their products and/or pay fines; any illegal gains shall also be confiscated. In serious cases, their business licenses may be revoked.

According to the *Civil Code of the People's Republic of China*, issued by the National People's Congress on May 28, 2020 and effective on January 1, 2021, where a product defect causes damage to others, the producer shall bear tort liability. The infringed party may claim compensation against the producer or the seller. Where the defect is caused by the producer, the seller is entitled to recover the amount paid from the producer after compensating the infringed party. Where the defect is caused by the seller due to its fault, the producer is entitled to recover the amount paid from the seller after compensating the infringed party. Where a product defect endangers the personal or property safety of others, the infringed party is entitled to request the producer or seller to cease the infringement, remove obstacles, eliminate dangers, and otherwise assume tort liability.

LAWS AND REGULATIONS ON IMPORT AND EXPORT IN CHINA

According to the *Customs Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on April 29, 2021 and effective on the same day, the customs authorities are the national supervisory and administrative agency for border entry and exit. They are empowered, in accordance with relevant laws and administrative regulations, to supervise transportation vehicles, goods, baggage, postal items, and other articles entering or leaving the country; levy customs duties and other taxes and fees; combat smuggling; compile customs statistics; and conduct other customs-related activities. Customs declaration entities refer to consignors and consignees of imported or exported goods, or customs declaration enterprises, registered with customs. Consignors and consignees of imported or exported goods may either handle customs declaration procedures themselves or entrust a customs declaration enterprise to do so.

According to the *Law of the People's Republic of China on Import and Export Commodity Inspection*, most recently amended by the Standing Committee of the National People's Congress on April 29, 2021 and effective on the same day, and the *Regulations for the Implementation of the Law of the People's Republic of China on Import and Export Commodity Inspection*, most recently amended by the State Council on March 29, 2022 and effective on May 1, 2022, the General Administration of Customs of the People's Republic of China (hereinafter referred to as the "GACC") is responsible for the inspection of imported and exported commodities nationwide. Its subordinate entry-exit inspection and quarantine agencies conduct inspections of commodities listed in the catalog, as well as other imported and exported commodities that are required by laws and administrative regulations to undergo inspection by entry-exit inspection and quarantine agencies. For other imported and exported commodities not subject to the aforementioned inspections, entry-exit inspection and quarantine agencies conduct random inspections in accordance with national regulations. Imported commodities that must be inspected but have not been inspected are prohibited from sale or use; exported commodities that must be inspected but have not been inspected, or have failed inspection, are prohibited from export.

According to the *Provisions on the Administration of the Filing of Customs Declaration Entities of the People's Republic of China*, issued by the GACC on November 19, 2021 and effective on January 1, 2022, customs declaration entities refer to consignors and consignees of imported or exported goods, or customs declaration enterprises, registered with customs in accordance with these Provisions. Consignors and consignees of imported or exported goods, as well as customs declaration enterprises applying for filing must possess market entity qualifications; consignors and consignees of imported or exported goods applying for filing must also obtain registration as foreign trade operators.

According to the *Notice on Matters Concerning the Filing of Consignors and Consignees of Imported or Exported Goods*, issued by the Department of Enterprise Management and Audit-Based Control of the GACC on January 3, 2023 and effective on the same day, consignors and consignees of imported or exported goods applying for filing must possess market entity qualifications and are not required to obtain registration as foreign trade operators.

LAWS AND REGULATIONS ON FOREIGN TRADE IN CHINA

According to the *Foreign Trade Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on December 30, 2022 and effective on the same day, the state may restrict or prohibit the import or export of certain goods or technologies for the following reasons: (i) where it is necessary to restrict or prohibit the import or export for safeguarding national security, public interests or ethics; (ii) where it is necessary to restrict or prohibit the import or export for safeguarding human health or safety, protecting the lives or health of animals and plants, or conserving the environment; (iii) where it is necessary to restrict or prohibit the import or export for implementing the measures related to the import and export of gold or silver; (iv) where the short domestic supply or the need to effectively conserve exhaustible natural resources makes it necessary to restrict or prohibit the export; (v) where it is necessary to restrict the export because of the limited market size of the importing country or region; (vi) where it is necessary to restrict the export because of serious chaos in export order; (vii) where it is necessary to restrict the import for establishing or speeding up the establishment of a particular domestic industry; (viii) where it is indispensable to restrict the import of any form of products from agriculture, animal husbandry or fishery; (ix) where it is necessary to restrict the import for maintaining the international financial position and the balance of international payments of the state; (x) other circumstances where, as required by laws and administrative regulations, it is necessary to restrict or prohibit the import or export; or (xi) other circumstances where, in accordance with the provisions of international treaties or agreements China has concluded or acceded to, it is necessary to restrict or prohibit the import or export.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY IN CHINA

Patents

According to the *Patent Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on October 17, 2020 and effective on June 1 2021, the patent administration department under the State Council shall be responsible for the administration of patent-related work nationwide. It shall accept and examine patent applications in a uniform way and grant patent rights in accordance with law. The departments in charge of patent-related work of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall be responsible for patent administration within their respective administrative areas. Inventions and utility models for which patent rights are to be granted shall be ones which are novel, creative and of practical use. Patents are classified into three types: invention patents, utility model patents, and design patents. The term of protection is twenty years for invention patents, ten years for utility model patents, and fifteen years for design patents, all calculated from the date of filing. After the grant of patent rights for inventions, utility models, or designs, except as otherwise provided in the *Patent Law of the People's Republic of China*, no entity or individual may exercise the patent rights without the authorization of the patent holder.

Trademarks

According to the *Trademark Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on April 23, 2019 and effective on November 1, 2019, and the *Regulations for the Implementation of the Trademark Law of the People's Republic of China*, most recently amended by the State Council on April 29, 2014 and effective on May 1, 2014, registered trademarks are trademarks that have been approved and registered by the Trademark Office of China National Intellectual Property Administration, including trademarks, service marks, collective marks and certification marks. The period of validity of a registered trademark shall be ten years, counted from the date of approval of the registration. If continued use is required after the expiry of the term, the trademark registrant must apply for renewal within twelve months prior to expiry in accordance with regulations. A trademark registrant may authorize others to use its registered trademark through a trademark licensing contract. Without the permission of the trademark registrant, using a trademark that is similar to a registered trademark on identical goods, or using a trademark that is identical or similar on similar goods in a manner likely to cause confusion, constitutes infringement of the exclusive right of a registered trademark. For acts of trademark infringement, the infringer shall cease the infringement, and any infringing goods, as well as tools primarily used for manufacturing infringing goods or counterfeiting registered trademark identifiers shall be confiscated and destroyed.

Trade Secrets

According to the *Law Against Unfair Competition of the People's Republic of China (Law Against Unfair Competition)*, most recently amended by the Standing Committee of the National People's Congress on June 27, 2025 and effective on October 15, 2025, trade secrets refer to technical information, business information, or other commercial information that is not known to the public, has commercial value, and is subject to reasonable confidentiality measures by the rights holder. An undertaking shall not engage in the following acts of trade secret infringement: (1) obtaining the trade secrets of the rights holder through theft, bribery, fraud, coercion, electronic intrusion, or other improper means; (2) disclosing, using, or permitting others to use the trade secrets obtained by the means described above; (3) disclosing, using, or permitting others to use trade secrets in violation of confidentiality obligations or the rights holder's requirements for maintaining trade secret confidentiality; (4) inducing, enticing, or assisting others to violate confidentiality obligations or the rights holder's requirements for maintaining trade secret confidentiality, thereby obtaining, disclosing, using, or permitting others to use the rights holder's trade secrets. Acts committed by natural persons, legal persons, or unincorporated organizations other than undertakings as described above shall also be deemed trade secret infringements. If a third party, knowing or should have known that employees, former employees, or other entities or individuals of the trade secret rights holder commit any of the unlawful acts described above, still obtains, discloses, uses, or permits others to use the trade secret, it shall be deemed trade secret infringement. Undertakings, as well as other natural persons, legal persons, and unincorporated organizations, who infringe trade secrets in violation of the law, shall be ordered by the supervisory authority to cease the unlawful acts, have illegal gains confiscated, and be subject to fines.

Law and Regulations on Anti-Unfair Competition in China

According to the *Law Against Unfair Competition of the People's Republic of China (Law Against Unfair Competition)*, most recently amended by the Standing Committee of the National People's Congress on June 27, 2025 and effective on October 15, 2025, undertakings shall adhere to the principles of voluntariness, equality, fairness, and honesty in market transactions and comply with laws and business ethics. Unfair competition, as defined by the *Law Against Unfair Competition*, refers to acts by undertakings in production and business activities that violate the *Law Against Unfair Competition*, disrupt market competition, or harm the legitimate rights and interests of other undertakings or consumers. Undertakings violating the provisions of the *Law Against Unfair Competition* shall bear civil, administrative, and criminal liability depending on the circumstances.

According to the *Anti-Monopoly Law of the People's Republic of China (Anti-Monopoly Law)*, most recently amended on June 24, 2022 and effective on August 1, 2022, the *Anti-Monopoly Law* shall govern monopolistic conduct occurring within the territory of China, as well as such conduct occurring outside of China if it has the effect of eliminating or restricting competition within the domestic market of China. Monopolistic conduct prescribed in the *Anti-Monopoly Law* includes: monopoly agreements reached among undertakings; abuse of dominant market position by undertakings; and concentration of undertakings that have or may have the effect of eliminating or restricting competition. Undertakings that violate the *Anti-Monopoly Law* may face administrative penalties such as fines, confiscation of illegal gains, and orders to cease the illegal conduct from the anti-monopoly enforcement authority.

LAWS AND REGULATIONS ON LABOR, SOCIAL INSURANCE, AND HOUSING PROVIDENT FUND IN CHINA

Labor Law and Labor Contract Law

According to the *Labor Law of the People's Republic of China,* most recently amended by the Standing Committee of the National People's Congress on December 29, 2018 and effective on the same day, the *Labor Contract Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on December 28, 2012 and effective on July 1, 2013, and the *Regulation on the Implementation of the Labor Contract Law of the People's Republic of China,* issued by the State Council on September 18, 2008 and effective on the same day, a labor relationship between an employer and an employee shall be established through a written labor contract. A legally concluded labor contract is binding, and both the employer and the employee shall fulfill the obligations agreed therein. Employers shall lawfully establish and improve labor rules and regulations, protect employees' labor rights, and ensure employees perform their labor duties. Employers shall strictly comply with labor quota standards and shall not force or indirectly coerce employees to work overtime. When arranging overtime work, employers shall pay overtime wages in accordance with relevant national regulations. In addition, employee wages shall not be lower than the local minimum wage standard and must be paid in a timely manner.

Social Insurance

According to the *Social Insurance Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on December 29, 2018 and effective on the same day, and other relevant laws and regulations, employers in China shall provide social insurance for their employees, covering basic pension insurance, basic medical insurance, maternity insurance, unemployment insurance, and work-related injury insurance. Employers who fail to make the required contributions may be ordered to make payment within a specified period, and if overdue, may be subject to fines.

According to the *Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases* (hereinafter referred to as the *New Judicial Interpretation*) issued by the Supreme People's Court on July 31, 2025 and effective on September 1, 2025, agreements or promises by employers and employees to exempt social insurance contributions are generally deemed invalid by courts. Furthermore, the people's court shall, in accordance with the law, uphold a claim by an employee to terminate the labor contract and request the employer to pay economic compensation, based on item (3) of Article 38 of the *Labor Contract Law*, if the employer has failed to make social insurance contributions in accordance with the law. This clarifies that an employee is entitled to terminate the labor contract and obtain corresponding economic compensation under the *Labor Contract Law* where the employer has failed to make social insurance contributions in accordance with the law.

Housing Provident Fund

According to the *Regulations on the Administration of Housing Provident Fund*, most recently amended by the State Council on March 24, 2019 and effective on the same day, the housing provident fund refers to long-term housing savings contributed by both the employer and its employees. Employers in China are required to make housing provident fund contributions for their employees in accordance with regulations. Employers who fail to contribute on time or contribute insufficiently may be ordered by the Housing Provident Fund Management Center to make contributions within a specified period. If the employer still fails to comply upon expiration of that time limit, the matter may be referred to a people's court for compulsory enforcement.

LAWS AND REGULATIONS IN CHINA RELATING TO FOREIGN EXCHANGE AND OVERSEAS INVESTMENT

Foreign Exchange

According to the *Regulations of the People's Republic of China on Foreign Exchange Administration*, most recently amended by the State Council on August 5, 2008 and effective on the same day, foreign exchange under current account transactions (referring to transactions involving goods, services, income, and current transfers in the balance of payments) may be converted into other currencies. With respect to capital account transactions (referring to capital transfers, direct investment, securities investment, derivatives, loans, etc.), foreign institutions and individuals conducting direct investment in China shall, after obtaining approval from the relevant competent authorities, register with the foreign exchange administration authority. Domestic institutions and individuals making direct investments overseas or issuing/trading overseas securities or derivatives shall register in accordance with the provisions of the foreign exchange authority under the State Council.

According to the *Circular of the State Administration of Foreign Exchange on Foreign Exchange Administration for Overseas Listings*, issued by the State Administration of Foreign Exchange on December 26, 2014 and effective on the same day, domestic companies shall, within 15 business days after completion of their overseas listing and issuance, register for overseas listing with the foreign exchange bureau in the locality where it has been incorporated. Funds raised through overseas listing may be repatriated or deposited overseas, provided that the use of funds shall be consistent with the relevant terms and conditions set out in its disclosure documents including prospectus or corporate bonds issuance prospectus, announcement to shareholders, and resolution of board of directors or shareholders' general meeting.

According to the *Notice of the People's Bank of China on Further Improving Cross-Border RMB Service Policies to Promote Trade and Investment Facilitation*, issued and implemented by the People's Bank of China on January 5, 2018, funds raised from RMB-denominated bonds issued overseas by domestic enterprises may be remitted back to China for use as needed. RMB proceeds raised by domestic enterprises through overseas issuance of shares may also be remitted back to China for use as needed.

According to the *Notice of the State Administration of Foreign Exchange on Further Deepening Reforms and Facilitating Cross-Border Trade and Investment*, issued by the State Administration of Foreign Exchange on December 4, 2023 and effective on the same day, non-financial enterprises shall follow the principles of authenticity and self-use in the use of their capital funds, foreign exchange income under foreign debts and RMB funds obtained from their foreign exchange settlements, and shall not directly or indirectly use such funds for expenditures prohibited by Chinese laws and regulations; unless otherwise expressly specified, such funds shall not be used directly or indirectly for securities investments or other wealth management investments (except for wealth management products and structured deposits with a risk rating of not higher than Level 2); such funds shall not be used to issue loans to non-affiliated enterprises (except where approved or in designated zones such as the Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone, Nansha New Area of China (Guangdong) Pilot Free Trade Zone, Yangpu Economic Development Zone of China (Hainan) Free Trade Port, and Ningbo, Zhejiang Province); and such funds shall not be used for purchase of residential properties that are not for self-use (except for enterprises engaged in real estate development or real estate leasing operations).

Overseas Investment

According to the *Administrative Measures for Overseas Investment,* issued by the Ministry of Commerce on September 6, 2014 and effective on October 6, 2014, overseas investment by enterprises is subject to either record-filing or approval administration by the Ministry of Commerce and the competent provincial commerce authorities, depending on the circumstances of the overseas investment. Where overseas investment involves sensitive countries or regions or sensitive industries, approval administration applies; in other cases, record-filing administration applies.

According to the *Administrative Measures for Overseas Investment by Enterprises,* issued by the National Development and Reform Commission on December 26, 2017 and effective on March 1, 2018, domestic enterprises conducting overseas investment shall complete procedures such as overseas investment project approval and record-filing, report relevant information, and cooperate with supervision and inspection. Approval administration applies to sensitive projects conducted directly by the investor or by an overseas enterprise controlled by the investor, including projects involving sensitive countries or regions and sensitive industries. Record-filing administration applies to non-sensitive projects conducted directly by the investor, namely projects involving the investor's direct contribution of assets or equity, or the provision of financing or guarantees, in non-sensitive areas.

TAX LAWS AND REGULATIONS IN CHINA

Enterprise Income Tax

According to the *Enterprise Income Tax Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on December 29, 2018 and effective on the same day, and the *Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China*, most recently amended by the State Council on December 6, 2024 and effective on January 20, 2025, resident enterprises refer to enterprises lawfully incorporated in China, or lawfully incorporated pursuant to the laws of foreign countries (regions) but whose actual management organization is located in China. Resident enterprises are subject to enterprise income tax on income derived from both within and outside China at a statutory tax rate of 25%. The state provides preferential enterprise income tax treatment to industries and projects designated as key sectors for support and encouragement.

According to the *Enterprise Income Tax Law of the People's Republic of China*, the *Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China*, the *Administrative Measures for Recognition of High and New Technology Enterprises* jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Taxation

Administration, the *Announcement of the State Taxation Administration Concerning Preferential Enterprise Income Tax Policies for High and New Technology Enterprises*, and other related laws and regulations, qualified high and new technology enterprises may apply a reduced enterprise income tax rate of 15%.

Value-added Tax (VAT)

Pursuant to the *Value-Added Tax Law of the People's Republic of China* (the "*VAT Law*"), promulgated by the Standing Committee of the National People's Congress on December 25, 2024 and effective as of January 1, 2026, all enterprises and individuals engaged in the sale of goods, provision of processing, repair and replacement services, sale of services, transfer of intangible assets, transfer of real estate, or importation of goods within the territory of the People's Republic of China shall pay value-added tax ("VAT"). The general applicable VAT rates are simplified to 13%, 9%, 6% and 0%, while the VAT rate applicable to small-scale taxpayers is 3%. The *Implementation Regulations of the Value-Added Tax Law of the People's Republic of China* (the "*VAT Implementation Regulations*"), promulgated by the State Council on December 25, 2025 and effective as of January 1, 2026, specifies in detail the taxpayers and scope of taxation, clarifies the applicable tax rates, and prescribes the calculation methods of tax payable under different circumstances.

LAWS AND REGULATIONS ON THE OVERSEAS ISSUANCE AND LISTING OF SECURITIES BY DOMESTIC ENTERPRISES

According to the *Securities Law of the People's Republic of China*, most recently amended by the Standing Committee of the National People's Congress on December 28, 2019 and effective on March 1, 2020, activities in domestic securities markets are subject to comprehensive regulation, including securities issuance and trading, listed companies, securities exchanges, securities companies, acquisitions, and the duties of securities regulatory authorities. The *Securities Law* further provides that domestic enterprises issuing securities overseas, either directly or indirectly, or seeking overseas listing, must comply with relevant regulations of the State Council; the specific measures for subscribing to and trading shares of domestic companies in foreign currencies shall be separately formulated by the State Council. The China Securities Regulatory Commission (CSRC), established by the State Council, is responsible for supervising and administering the securities market in accordance with the law, maintaining market order, and ensuring lawful market operation. At present, the issuance and trading of H-shares are primarily governed by regulations and rules promulgated by the State Council and the CSRC.

According to the *Interim Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Companies,* issued by the CSRC on February 17, 2023 and effective on March 31, 2023, where a domestic enterprise makes its initial public offering or lists overseas, it must file with the CSRC within three business days after submitting its application documents for overseas issuance and listing.

According to the *Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing of Domestic Enterprises*, most recently amended by the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and effective on March 31, 2023, domestic enterprises engaged in overseas issuance and listing activities, as well as securities companies and securities service institutions providing services to them, shall strictly comply with relevant laws and regulations of China and these Provisions, enhance their legal awareness of safeguarding state secrets and strengthening archives management, establish and improve systems for confidentiality and archives management, and take necessary measures to fulfill their responsibilities for confidentiality and archives management. They shall not disclose state secrets or secrets concerning the work of state organs, nor shall they harm the interests of the state or the public. Documents or materials involving state secrets or secrets concerning the work of state organs that are provided or publicly disclosed by domestic enterprises to relevant securities companies, securities service institutions, overseas regulators, or other entities and individuals, or provided or publicly disclosed through their overseas listing entities, shall be submitted for approval to competent authorities with the statutory approval power and filed with the corresponding administrative departments for confidentiality management.

Pursuant to the Notice of the PBOC and the SAFE on Relevant Issues Regarding the Fund Management of Overseas Listing of Domestic Enterprises (Yin Fa [2025] No. 252) (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) (銀發[2025]252號) issued by the PBOC and the SAFE on December 26, 2025 and effective on April 1, 2026, domestic enterprises listing overseas must complete relevant procedures such as overseas listing registration and fund repatriation, and cooperate with the supervision and inspection of regulatory authorities. The main contents of the notice include: (1) it is necessary to go through the formalities of overseas listing registration with the designated banks in the provincial level/cities under separate state planning where its registration is located within 30 working days from the first trading day of its overseas listing or after the completion of over-allotment; and (2) in principle, the proceeds must be repatriated to China in a timely manner, and the enterprise may choose to repatriate the proceeds in foreign currencies or RMB. After the repatriation of foreign currencies, enterprises may settle foreign exchange at their own discretion, and part of the proceeds that meet the prescribed conditions may be retained overseas for use.