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## REGULATORY OVERVIEW

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The following provides an overview of the major PRC laws, regulations, and rules relevant to our business. It is not a comprehensive summary of all laws and regulations applicable to us.

### PRC LAWS AND REGULATIONS ON ELECTRICITY INDUSTRY

#### Guiding Opinions on Accelerating the Construction of a Unified National Electricity Market System

Guiding Opinions on Accelerating the Construction of a Unified National Electricity Market System (《關於加快建設全國統一電力市場體系的指導意見》) was issued by the NDRC and the National Energy Administration on January 18, 2022. The document calls for accelerating the development of a unified national electricity market system, with the goal of establishing an electricity market that is open and unified, competitive and orderly, safe and efficient, and well-governed. It requires the coordinated advancement of medium- and long-term electricity markets, spot markets, ancillary services markets, and retail electricity markets, with the gradual objective of achieving integration between provincial and inter-provincial markets, coordination between wholesale and retail markets, and harmonized operation across various trading products. The document also puts forward the need to refine market trading and pricing mechanisms suited to a modern power system, promote the optimized allocation of electricity resources across a broader geographic scope, and establish an overarching institutional framework for VPP, load aggregators, energy storage, and other emerging market participants to engage in market-based trading.

#### Basic Rules for the Operation of the Electric Power Market

Pursuant to the Basic Rules for the Operation of the Electric Power Market (《電力市場運行基本規則》) promulgated by the NDRC on April 25, 2024 and implemented on July 1, 2024, the term “members of the electric power market” refers to the business entities, the operators of the electric power market, and the power grid enterprises that provide power transmission and distribution services, among others. In particular, business entities include the enterprises generating electricity, enterprises selling electricity, electricity users, and new business entities (including enterprises engaging in the energy storage, VPP, and load aggregators) that participate in the electric power market transactions. The construction of the technical supporting system of the electric power market must comply with the requirements of the prescribed performance indicators and have the functions of energy management, transaction management, measurement of power energy, settlement system, contract management, quotation processing, market analysis and forecast, trading information, and regulatory system.

#### Basic Rules for the Electricity Spot Market (Trial)

Basic Rules for the Electricity Spot Market (Trial) (電力現貨市場基本規則(試行)) was issued by the NDRC and the National Energy Administration in September 2023. The rules define the fundamental positioning of the electricity spot market, identifying it as an important market for discovering real-time electricity prices, reflecting changes in electricity supply and demand as well as system operating conditions, and promoting the optimized allocation of electricity resources. The rules set out systematic provisions governing the organization of the spot market, trading sequencing, bid submission and clearing mechanisms, price formation principles, settlement arrangements, market power monitoring, and risk prevention and control. They also establish the basic institutional arrangements for key trading stages, including the day-ahead market and the real-time market.

#### Notice on Comprehensively Accelerating the Development of Electricity Spot Markets

Notice on Comprehensively Accelerating the Development of Electricity Spot Markets (《關於全面加快電力現貨市場建設工作的通知》) was issued by the General Office of the NDRC and the National Energy Administration on April 16, 2025. The notice calls for further accelerating the development of electricity spot markets, requiring that substantially full national coverage of electricity spot markets be achieved and continuous settlement operations be fully launched by the end of 2025. The notice also sets out a timeline for trial operation, continuous settlement operation, and transition to formal operation of spot markets in relevant provinces, and specifies the procedures required for transitioning to formal

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operation — including continuous operation, third-party evaluation, provincial government approval, and filing — with a view to promoting the alignment of spot market rules and the strengthening of institutional frameworks across different regions.

### **Basic Rules for the Medium- and Long-Term Electricity Market**

Basic Rules for the Medium- and Long-Term Electricity Market (《電力中長期市場基本規則》) was issued by the NDRC and the National Energy Administration on December 17, 2025. The rules further refine the mechanisms governing medium- and long-term market trading organization, trading products, contract management, contract performance management, deviation handling, and risk control, and strengthen the linkage between the medium- and long-term market and the spot market. The rules set out provisions on market participants entering into and executing medium- and long-term contracts, conducting annual, monthly, and shorter-cycle trading, and managing contract delivery curves and performance deviations, thereby providing a unified institutional basis for various types of market participants to engage in medium- and long-term electricity trading.

### **Basic Rules for the Electricity Ancillary Services Market**

Basic Rules for the Electricity Ancillary Services Market (《電力輔助服務市場基本規則》) was issued by the NDRC and the National Energy Administration on April 3, 2025. The rules define the market membership, trading products, organizational structure, and settlement arrangements for the electricity ancillary services market, and clarify that new-type market participants are eligible to participate in the ancillary services market. The rules also set out provisions on the market organization, bid submission and dispatch, assessment and settlement, and coordination with the energy market for ancillary services including peak regulation, frequency regulation, reserve, ramp, and black start, thereby providing a unified set of foundational rules for flexible resources such as energy storage, VPP, and adjustable loads to participate in ancillary services trading.

### **Guiding Opinions of the National Energy Administration on Supporting the Innovative Development of New-Type Market Participants in the Electricity Sector**

Guiding Opinions of the National Energy Administration on Supporting the Innovative Development of New-Type Market Participants in the Electricity Sector (《國家能源局關於支持電力領域新型經營主體創新發展的指導意見》) was issued by the National Energy Administration on November 28, 2024. The document supports the innovative development of new-type market participants such as resource aggregators and technology service providers, and encourages VPP to aggregate distributed generation, energy storage, adjustable loads, and other resources to participate in power system operations and electricity market trading. The document sets out arrangements covering the market positioning, development direction, market participation mechanisms, metering and settlement, information disclosure, and technical support conditions applicable to new-type market participants, and specifies that relevant market access and management mechanisms will be refined where the prescribed conditions are met.

### **Guiding Opinions on Accelerating the Development of Virtual Power Plants**

Guiding Opinions on Accelerating the Development of Virtual Power Plants (《關於加快推進虛擬電廠發展的指導意見》) was issued and came into effect on March 25, 2025, jointly promulgated by the NDRC and the National Energy Administration. The document defines VPP as a new type of resource-aggregating market participant that aggregates distributed generation, adjustable loads, energy storage, and other resources and coordinates their optimized control. It sets targets for national VPP regulating capacity to reach 20 million kW or above by 2027 and 50 million kW or above by 2030. The document further clarifies that VPP may participate in medium- and long-term markets, spot markets, and ancillary services markets as independent market participants, and that VPP engaging in electricity purchasing and selling activities in the medium- and long-term markets and spot markets must hold retail electricity company qualifications. It also sets out requirements relating to duplicate resource aggregation, connection to dispatch systems or load management systems, cybersecurity, data security, and operational management.

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### **Notice on Promoting the Grid Connection and Dispatch Utilization of New-Type Energy Storage**

Notice on Promoting the Grid Connection and Dispatch Utilization of New-Type Energy Storage (《關於促進新型儲能併網和調度運用的通知》) was issued by the National Energy Administration on April 2, 2024. The notice further refines the requirements governing grid connection and integration, dispatch and utilization, operational management, and safety for new-type energy storage, with a view to enabling new-type energy storage to better fulfill its role in system regulation. The notice also sets out requirements for new-type energy storage projects in respect of system integration, performance testing, dispatch management, information reporting, and safe operation, so as to promote the standardized grid connection and efficient utilization of new-type energy storage.

### **Notice on Deepening Market-Oriented Reform of New Energy Feed-in Tariffs to Promote High-Quality Development of New Energy jointly issued by the NDRC and the National Energy Administration**

On January 27, 2025, the NDRC and the National Energy Administration jointly issued the Notice on Deepening Market-Oriented Reform of New Energy Feed-in Tariffs to Promote High-Quality Development of New Energy (《國家發展改革委國家能源局關於深化新能源上網電價市場化改革促進新能源高質量發展的通知》) (No. 136 [2025] of the NDRC Price Department), clarifying the comprehensive market-oriented reform pathway for new energy feed-in tariffs. The reform primarily consists of three aspects. Firstly, it promotes the complete market formation of new energy feed-in tariffs. In principle, all electricity generated by new energy projects will enter the power market, with feed-in tariffs formed through market transactions. Secondly, it establishes a price settlement mechanism that supports the sustainable development of new energy. After new energy participates in market transactions, a sustainable development price settlement mechanism will be established at the settlement stage, with electricity included in the mechanism settled according to the mechanism tariff. Thirdly, it differentiates between existing and new projects to implement category-specific measures. The mechanism tariff for existing projects will be properly aligned with current policies, while the mechanism tariff for new projects will be determined through market-based competitive bidding.

### **Zhejiang Electricity Spot Market Rules**

Zhejiang Electricity Spot Market Rules (《浙江電力現貨市場規則》) was issued by the Zhejiang Energy Regulatory Office of National Energy Administration of the People’s Republic of China, the Zhejiang Provincial Development and Reform Commission, and the Zhejiang Provincial Energy Bureau on April 3, 2024. The rules set out systematic provisions covering market membership, market composition, market pricing, market price caps and floors, the day-ahead energy market, the real-time energy market, risk prevention and control, the ancillary services market, market linkage, metering and settlement, market power monitoring, market dispute resolution, market intervention, and information disclosure. Serving as the foundational regulatory document for the operation of the Zhejiang electricity spot market, the rules provide the institutional basis for the trial operation, settlement operation, and formal operation of the Zhejiang spot market.

### **Zhejiang Implementing Rules for Medium- and Long-Term Electricity Trading**

Zhejiang Implementing Rules for Medium- and Long-Term Electricity Trading (《浙江電力中長期交易實施細則》) was formally issued on February 24, 2026, following review and approval by the Zhejiang Energy Regulatory Office of National Energy Administration of the People’s Republic of China, the Zhejiang Provincial Development and Reform Commission, and the Zhejiang Provincial Energy Bureau. The rules set out provisions primarily governing trading units, trading products, trading cycles, trading modalities, reference load curves, trading prices, traded volume constraints, trading organization, and contract execution in the context of Zhejiang medium- and long-term electricity trading. The rules further elaborate on the corresponding trading unit configurations and traded volume constraint arrangements as applicable to different types of market participants, including generation enterprises, retail electricity companies, and wholesale electricity users.

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### **Anhui Medium- and Long-Term Electricity Trading Rules**

Anhui Medium- and Long-Term Electricity Trading Rules (《安徽電力中長期交易規則》) was jointly issued by the East China Energy Regulatory Bureau of the National Energy Administration and the Anhui Provincial Energy Bureau on January 23, 2025. The rules set out provisions governing market membership, market registration, trading products and trading modalities, pricing mechanisms, trading organization, contract execution and performance, deviation settlement, metering and settlement, information disclosure, and market monitoring and risk prevention and control in the context of Anhui medium- and long-term electricity trading. The rules also clarify that the Anhui medium- and long-term market will ensure proper coordination with the Anhui electricity spot market. The rules provide the institutional basis for generation enterprises, retail electricity companies, electricity users, and other market participants to engage in electricity trading in Anhui.

### **Jiangsu Provincial Implementing Rules for the Medium- and Long-Term Electricity Market (2026 Edition)**

Jiangsu Provincial Implementing Rules for the Medium- and Long-Term Electricity Market (2026 Edition) (《江蘇省電力中長期市場實施細則(2026年版)》) was revised and issued by the Jiangsu Regulatory Office of National Energy Administration of the People’s Republic of China together with the Jiangsu Provincial Development and Reform Commission, and took effect on March 1, 2026. The rules were revised on the basis of the Basic Rules for the Medium- and Long-Term Electricity Market issued by the NDRC and the National Energy Administration, incorporating improvements in respect of market membership, trading organization, pricing mechanisms, and metering and settlement. The rules also clarify market entry requirements for new-type market participants, refine green electricity trading rules, promote effective coordination with the spot market, elaborate on aggregation rules for distributed renewable energy sources and VPP, specify trading declaration limits, and establish risk prevention and control mechanisms including a performance warning system and a trading suspension regime.

### **Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development**

The Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development (《中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議》), released on 23 October 2025, proposes to accelerate the construction of a new-type energy system. It aims to (i) continually increase the proportion of new energy supply, promote the safe, reliable, and orderly replacement of fossil energy, focus on building a new-type power system, and build a strong energy country, (ii) adhere to the simultaneous development of multiple energy sources such as wind, solar, hydro, and nuclear power, coordinate local consumption and external transmission, and promote the high-quality development of clean energy, (iii) strengthen the clean and efficient use of fossil energy, and promote the upgrading and transformation of coal-fired power plants and the replacement of scattered coal, (iv) comprehensively enhance the level of complementarity, mutual support, safety, and resilience of the power system, scientifically deploy pumped storage, vigorously develop new energy storage, and accelerate the construction of smart grids and microgrids, (v) increase the level of electrification in end-use energy consumption and promote green and low-carbon energy consumption, and (vi) accelerate the improvement of market and price mechanisms adapted to the new-type energy system.

### **Blue Book on the Development of a New-Type Power System**

The National Energy Administration issued and implemented the Blue Book on the Development of a New-Type Power System (《新型電力系統發展藍皮書》) on June 2, 2023, which proposes the overall architecture and key tasks for building a new-type power system. It defines the new-type power system as one that, in the new era, ensures energy and power security as its fundamental premise, meets the electricity demands of high-quality economic and social development as its primary objective, focuses on building a high-proportion new energy supply and consumption system as its core task, relies on multi-directional coordination and flexible interaction among sources, grids, loads, and storage as its

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strong support, utilizes a robust, smart, and flexible grid as its hub platform, and is underpinned by technological and institutional innovation as its foundational guarantee. Its key tasks include strengthening the construction of four major systems: the power supply support system, the new energy development and utilization system, the large-scale layout and application system for energy storage, and the intelligent operation system for the power system.

### **Action Plan for High-Quality Development of Distribution Networks (2024-2027)**

The Action Plan for High-Quality Development of Distribution Networks (2024-2027) (《配電網高質量發展行動實施方案(2024-2027年)》), issued and implemented by the National Energy Administration on August 2, 2024, proposes to (i) closely follow the requirements for building a new-type power system, accelerate the promotion of a batch of distribution grid construction and transformation tasks, address the shortcomings in the safe and reliable power supply of distribution grids and their ability to cope with extreme disasters, enhance the intelligent level of distribution grids, and meet the requirements for the large-scale development of distributed new energy and electric vehicle charging facilities; (ii) strengthen the overall planning of distribution grids, enhance whole-process management, and comprehensively improve the service guarantee capacity of distribution grids; (iii) formulate and revise a batch of standards for distribution grid planning and design, construction and operation, and equipment access, and continually improve the operating efficiency of distribution grids; and (iv) establish an indicator evaluation system for distribution grid development, scientifically assess the development of distribution grids, so as to promote the high-quality development of distribution grids and accelerate the construction of a new development pattern.

### **Special Action Plan for Large-Scale Construction of New Energy Storage (2025-2027)**

The NDRC and the National Energy Administration issued the Special Action Plan for Large-Scale Construction of New Energy Storage (2025-2027) (《新型儲能規模化建設專項行動方案(2025-2027年)》) on August 27, 2025, which clarifies the main goals, including that by 2027, the national installed capacity of new energy storage will reach over 180 million kW, driving direct project investment of approximately RMB250 billion; and proposes multiple measures such as advancing the application of generation-side energy storage and expanding the application of grid-side energy storage.

### **PRC Electric Power Law**

The Standing Committee of the National People’s Congress promulgated the PRC Electric Power Law (《中華人民共和國電力法》) on December 28, 1995, which was most recently amended and implemented on December 29, 2018. The Electricity Law applies to activities concerning the construction, generation, supply, and use of electric power within China, aiming to ensure and promote the development of the electric power industry, safeguard the legitimate rights and interests of electricity investors, operators, and users, and ensure the safe operation of electricity system. The Electricity Law covers matters such as power construction, power generation and grid management, power supply and use, electricity prices and tariffs, rural power construction and agricultural electricity use, protection of power facilities, supervision and inspection, and legal liabilities.

### **Measures for the Supervision of the Electric Power Market**

The NDRC most recently amended the Measures for the Supervision of the Electric Power Market (《電力市場監管辦法》) on April 12, 2024, which took effect on June 1, 2024, aiming to maintain order in the electricity market and ensure its unity, openness, competitiveness, and orderliness. These measures apply to the supervision of the electricity market within China. According to these measures, the National Energy Administration performs the duties of nationwide electricity market supervision, and its dispatched agencies are responsible for the supervision of the electricity market within their respective jurisdictions. The subjects of electricity market supervision are electricity market participants, including electricity trading entities, electricity market operating agencies, and power grid enterprises that provide transmission and distribution services.

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### PRC Energy Law

According to the Energy Law of the People’s Republic of China (《中華人民共和國能源法》) promulgated by the Standing Committee of the National People’s Congress on November 8, 2024 and effective on January 1, 2025, China promotes the improvement of energy utilization efficiency, encourages the development of distributed energy and integrated energy services such as multi-energy complementary and multi-energy combined supply, actively promotes market-based energy conservation services such as contractual energy management, and raises the level of cleaner, lower-carbon, more efficient and smarter end-use energy consumption.

### Measures for the Administration of Licenses for Installation (Repair, Testing) of Electric Power Facilities (2025)

According to the Measures for the Administration of Licenses for Installation (Repair, Testing) of Electric Power Facilities (2025) (《承裝(修、試)電力設施許可證管理辦法 (2025)》), most recently amended by the NDRC on April 11, 2025 and implemented from July 1, 2025, the installation, repair, and testing of power facilities refer to the installation, maintenance, and testing of power transmission (including booster stations for power generation projects and outgoing lines), power supply, and power receiving facilities. These measures apply to the application, acceptance, examination, issuance, administration, and supervision of licenses for the installation (repair, testing) of power facilities. These measures stipulate that the National Energy Administration is responsible for guiding and supervising the issuance and administration of licenses nationwide, and its dispatched agencies are responsible for the acceptance, examination, issuance, and daily supervision and administration of licenses within their jurisdictions. Anyone engaged in the installation, repair, and testing of power facilities within China must obtain a license in accordance with the provisions of these measures.

## PRC LAWS AND REGULATIONS ON FOREIGN INVESTMENT

### PRC Company Law

The Company Law of the People’s Republic of China was promulgated by the Standing Committee of the National People’s Congress on December 29, 1993, which was last amended on December 29, 2023 and effective on July 1, 2024. According to the Company Law of the People’s Republic of China, companies are generally divided into two categories, namely, limited liability companies and joint stock limited companies. It also applies to foreign-invested joint stock companies. According to the Company Law, if the laws on foreign investment provide otherwise, such provisions will apply.

### PRC Foreign Investment Law and Implementation Regulations for the Foreign Investment Law

The PRC Foreign Investment Law (《中華人民共和國外商投資法》) was promulgated by the National People’s Congress on March 15, 2019, which took effect on January 1, 2020. The Implementation Regulations for the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》) was promulgated by the State Council on December 26, 2019, which took effect on January 1, 2020. The aforementioned laws and regulations establish principles and measures aiming at encouraging foreign investment, and explicitly stipulate that China provides legal protection for the investments, profits, and other lawful rights and interests of foreign investors in China.

### Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024)

The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) was issued by Ministry of Commerce of the People’s Republic of China and NDRC on September 6, 2024 and effective on November 1, 2024. The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) uniformly lists restrictive measures for foreign investment access such as equity percentage and executive requirements, as well as industries prohibited from foreign investment.

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### Measures for the Administration of Overseas Investment

According to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), promulgated by the Ministry of Commerce on September 6, 2014 and effective from October 6, 2014, the Ministry of Commerce and provincial-level competent commercial authorities will manage the outbound investments of enterprises through filing or confirmation, depending on the actual circumstances of the investment. Outbound investments involving sensitive countries or regions and sensitive industries are subject to approval-based management. Outbound investments in other circumstances are subject to filing-based management.

### Measures for the Administration of Overseas Investment of Enterprises

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), promulgated by the NDRC on December 26, 2017 and effective from March 1, 2018, for investment activities where Chinese enterprises directly or indirectly control the ownership, controlling rights, management rights, or other related equity of their overseas enterprises through means such as investing assets and equity or providing financing guarantees, an application for approval or filing must be submitted to the NDRC in accordance with the relevant conditions for outbound investment projects. Outbound investment projects involving sensitive countries and regions or sensitive industries are subject to approval management by the NDRC, while non-sensitive outbound investment projects are subject to filing-based management. For non-sensitive projects of US\$300 million or more implemented by overseas enterprises invested in or controlled by local enterprises in China, the investors must file with the NDRC. For non-sensitive outbound investment projects by Chinese investors with an investment amount of less than US\$300 million (exclusive of US\$300 million), filing must be made with the provincial-level development and reform commissions.

### Catalog of Industries for Encouraging Foreign Investment (2025 Edition)

The Catalog of Industries for Encouraging Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》), which was jointly amended by the NDRC and the Ministry of Commerce on December 15, 2025 and took effect on February 1, 2026, lists the national catalog of industries encouraging foreign investment.

## PRC REGULATIONS ON OVERSEAS LISTING FILING

### Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises

Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法) was issued by the CSRC on February 17, 2023 and implemented on March 31, 2023. After the implementation of the overseas listing trial measures, an issuer proceeding with an overseas initial public offering or listing must file with the CSRC within three working days after application documents for issuance and listing of securities are submitted overseas. With effect from February 17, 2023, the CSRC has ceased to accept applications for administrative permits for overseas public offerings of shares and listings (including further issuance) of limited companies by shares, and has commenced to receive applications for filing at the same time. With effect from March 31, 2023, the receipt of applications for filing has commenced.

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According to the aforementioned regulations, an issuer cannot proceed in an overseas issuance or listing if any of the following circumstances exist: (i) the listing and financing of the issuer is expressly prohibited by laws, administrative regulations, or relevant state regulations; (ii) the overseas issuance and listing may endanger national security as determined by the competent authorities of the State Council in accordance with the law; (iii) the domestic enterprise or its controlling shareholder or de facto controller has, within the last three years, committed criminal offences of corruption, bribery, misappropriation of property, embezzlement of property, or disruption of the economic order for socialist market; (iv) the domestic enterprise is under investigation for suspected criminal offences or major violations of law and no clear conclusion has been reached; and (v) the controlling shareholder or shareholders at the disposal of the controlling shareholder or de facto controller have major disputes over the ownership of the shares.

Where a domestic enterprise proceeds with a direct overseas issuance or listing, the issuer must file with the CSRC in respect thereof and submit a filing report, a legal opinion, and other relevant materials, giving a true, accurate, and complete account of shareholders’ information and other information.

### **Provisions on Strengthening Confidentiality and Archive Administration Concerning the Overseas Securities Offering and Listing by Domestic Companies**

The CSRC and three other government departments jointly promulgated the Provisions on Strengthening Confidentiality and Archive Administration Concerning the Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) on February 24, 2023. According to this document, where a domestic enterprise provides or publicly discloses documents or materials involving state secrets or work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals, it must, in accordance with the law, report to the competent authority with approval power for approval and file with the confidentiality administrative department at the same level for record. The working papers formed within China by securities companies and securities service institutions providing services for the overseas issuance and listing of domestic enterprises must be kept within China. If they need to be transferred out of the country, approval procedures must be handled in accordance with relevant state regulations.

### **Business Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (Revised 2023)**

On August 10, 2023, the CSRC issued and implemented the Business Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (Revised 2023). According to this document, a domestic company limited by shares that has not yet been listed may file with the CSRC for “full circulation” at the time of its overseas initial public offering.

## **PRC LAWS AND REGULATIONS ON LABOUR PROTECTION**

### **PRC Labor Law**

The Labor Law of the People’s Republic of China was promulgated by the Standing Committee of the National People’s Congress on July 5, 1994 and latest amended and effective on December 29, 2018. The Labor Law of the People’s Republic of China set forth matters related to the promotion of employment, labor contracts, working hours, rest and vacation, wages, labor safety and health, special protection for female workers and juvenile workers, vocational training, social insurance and welfare, labor disputes, supervision and inspection and legal liability.

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### **Labor Contract Law of the People's Republic of China and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China**

The Labor Contract Law of the People's Republic of China was promulgated by the Standing Committee of the National People's Congress on June 29, 2007, which was last amended on December 28, 2012 and effective on July 1, 2013. The Regulations on the Implementation of the Labor Contract Law of the People's Republic of China was promulgated by the State Council and took effect on September 18, 2008. According to the aforesaid law, a written labor contract must be concluded for the establishment of labor relations. The employing entity cannot force the workers to work overtime. If an employing entity arranges for a worker to work overtime, it must give him/her overtime pay in accordance with the relevant regulation and rules. Payment made to the employees cannot be lower than the local minimum wage and must be paid in a timely manner.

### **PRC Social Insurance Law and the Provisional Regulations on the Collection and Payment of Social Insurance Premiums**

Under the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and last amended and implemented on December 29, 2018, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999 and last amended and implemented on March 24, 2019, the state establishes social insurance systems including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance. Employees must participate in these insurance schemes, with both employers and employees contributing to basic pension, medical, and unemployment insurance, while employers solely must contribute to work-related injury and maternity insurance, with employees exempt from these contributions. If an employer fails to register its employees for social insurance, the social insurance agency will determine the social insurance premiums that the employer should pay. If an employer fails to complete social insurance registration, the social insurance administrative department will order it to rectify within a specified period. If the employer fails to rectify within the time limit, it will be fined one to three times the amount of social insurance premiums payable, and its directly responsible supervisors and other liable personnel shall be fined between RMB500 and RMB3,000. If an employer fails to pay social insurance premiums on time and in full, the social insurance premium collection agency will order it to pay or make up the amount within a specified period and impose a late fee of 0.05% per day from the date of default. If the employer still fails to pay within the time limit, the relevant administrative department may impose a fine ranging from one to three times the amount of arrears.

### **Regulations on Management of Housing Provident Fund**

According to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999 and last amended and effective on March 24, 2019, upon hiring employees, employers must, within 30 days from the date of employment, register with the competent housing provident fund management center for contribution deposits and complete the procedures for establishing or transferring employees' housing provident fund accounts. If an employer fails to pay or underpays the housing provident fund within the prescribed time limit, it may be ordered to pay within a specified period. If it still fails to pay after the deadline, an application may be made to the court for compulsory enforcement.

## **PRC LAWS AND REGULATIONS ON TAXES**

### **PRC Enterprise Income Tax Law, Implementation Rules for the PRC Enterprise Income Tax Law, and Administrative Measures on Accreditation of High-Tech Enterprises**

Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) was promulgated by the Standing Committee of the National People's Congress on March 16, 2007 and last amended and implemented on December 29, 2018. The Implementing Regulations of the Enterprise

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Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》) were issued by the State Council on December 6, 2007 and last amended and implemented on April 23, 2019. The Measures for the Administration of Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》) were issued by the Ministry of Science and Technology, Ministry of Finance, and the State Taxation Administration on January 29, 2016 and implemented on January 1, 2016. According to these laws and regulations, both resident and non-resident enterprises are subject to a uniform enterprise income tax rate of 25%. Enterprises certified as High and New Technology Enterprises are subject to a tax rate of 15%, while qualified small and micro enterprises are subject to a 20% rate. However, non-resident enterprises without establishments or places of business in China, or those whose income has no actual connection with their establishments or places of business in China, are subject to a tax rate of 20% on their income sourced from within China.

### **Circular of the State Taxation Administration on Issues Concerning the Implementation of Dividend Clauses in Tax Treaties**

Issued and implemented by the State Taxation Administration on February 20, 2009, the Circular of the State Taxation Administration on Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) stipulates that when a Chinese resident company pays dividends to a resident of a tax treaty counterpart, and the recipient (or the beneficiary of the dividends) is the beneficial owner of the dividends, the recipient is entitled to the preferential treatment under the tax treaty, which means the income tax in China is calculated at the rate specified in the tax treaty in China. If the treaty rate is higher than the domestic tax rate of China, the taxpayer may still be taxed according to Chinese domestic tax laws. If the resident of a tax treaty counterpart directly owns a certain percentage of the capital (generally 25% or 10%) of the Chinese resident company paying the dividends, the dividends received by the resident of a tax treaty counterpart will be taxed at the treaty-specified rate.

### **Announcement of the State Taxation Administration on Issues Concerning the “Beneficial Owner” in Tax Treaties**

Published by the State Taxation Administration on February 3, 2018 and implemented on April 1, 2018, the Announcement of the State Taxation Administration on Issues Concerning the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》) defines the “beneficial owner” in the dividend, interest, and royalties articles of double taxation avoidance agreements signed by the PRC government as a person who has ownership and control over the income or the rights or property from which the income is derived. The determination of the status of a “beneficial owner” who is a resident of a treaty counterpart seeking treaty benefits should be made based on the factors listed in the announcement, combined with a comprehensive analysis of the specific circumstances of each case.

### **Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion Regarding Income Tax**

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5% if such Hong Kong resident enterprise directly holds at least 25% of the capital in the PRC resident enterprise, and 10% for other circumstances.

### **Value-Added Tax Law of the People’s Republic of China, Notice on Adjusting Value-Added Tax Rates, and Announcement on Policies Relating to Deepening Value-Added Tax Reform**

According to Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》), promulgated by the Standing Committee of the National People’s Congress on December 25, 2024 and implemented on January 1, 2026, entities and individuals engaging in the sale of goods, services, intangible assets, immovables and importation of goods in China must be taxpayers of VAT, and must pay

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VAT. According to the Notice on Adjusting Value-Added Tax Rates (《關於調整增值稅稅率的通知》), jointly issued by the Ministry of Finance and the State Taxation Administration on April 4, 2018 and implemented on May 1, 2018, for VAT-taxable sales activities or imports carried out by taxpayers, the original VAT rates of 17% and 11% were adjusted to 16% and 10%, respectively. According to the Announcement on Policies Relating to Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), jointly issued by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, for VAT general taxpayers conducting VAT-taxable sales or importing goods that were previously subject to the 16% VAT rate, the rate was adjusted to 13%.

### PRC LAWS AND REGULATIONS ON PROPERTY LEASING

#### Administrative Measures for Commodity Housing Leasing

According to the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》), promulgated by the PRC Ministry of Housing and Urban-Rural Development on December 1, 2010 and effective from February 1, 2011, within 30 days after a housing lease contract is concluded, the lessor and lessee must go to the competent construction (real estate) department of the people's government of the municipality directly under the central government, city, or county where the leased property is located to complete the housing lease registration and filing. Failure to complete the relevant lease registration procedures may result in a fine ranging from RMB1,000 to RMB10,000 being imposed on the parties to the lease agreement.

### PRC LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

#### Patent Law of the People's Republic of China and Detailed Rules for the Implementation of the Patent Law of the People's Republic of China

The Patent Law of the People's Republic of China (《中華人民共和國專利法》) was enacted by the Standing Committee of the National People's Congress on March 12, 1984, last amended on October 17, 2020, and implemented from June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) were issued by the State Council on June 15, 2001, last amended on December 11, 2023, and implemented from January 20, 2024. According to these laws, regulations, and detailed rules, patents in China are categorized into three types: invention patents, utility model patents, and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another's patent must conclude a licensing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

#### Trademark Law of the People's Republic of China and Regulations for the Implementation of the Trademark Law of the People's Republic of China

The Trademark Law of the People's Republic of China (《中華人民共和國商標法》) was promulgated by the Standing Committee of the National People's Congress on August 23, 1982, last amended on April 23, 2019, and implemented from November 1, 2019. The Regulations for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) were issued by the State Council on August 3, 2002, last amended on April 29, 2014, and implemented from May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed. Each renewal extends the validity period for 10 years, starting from the day following the expiration of the last validity period. Trademark registrants may authorize others to use their registered trademarks by signing trademark licensing agreements.

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### **Regulations on the Protection of Layout-Designs of Integrated Circuits**

The Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》) were issued by the State Council on April 2, 2001 and implemented on October 1, 2001. According to these regulations, natural persons, legal persons, or other organizations in China who create layout-designs have exclusive rights to their designs. Foreign persons whose layout-designs are first commercially exploited within the territory of China are also entitled to exclusive rights to their designs. The protection term for the exclusive right of a layout-design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

### **Internet Domain Name Management Measures**

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were issued by the Ministry of Industry and Information Technology on August 24, 2017 and implemented on November 1, 2017. According to these management measures, the Ministry of Industry and Information Technology is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions, and domain name registration service institutions established in accordance with the relevant regulations.

### **PRC Copyright Law, Measures for the Computer Software Copyright Registration, and Regulations on the Computer Software Protection**

According to the PRC Copyright Law (《中華人民共和國著作權法》) last amended by the Standing Committee of the National People's Congress on November 11, 2020 and effective on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, intellectual achievements in the field of literature, art, and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and effective on March 1, 2013, the National Copyright Administration is the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority that grants registration certificates to the computer software copyrights applicants according to the Measures for the Computer Software Copyright Registration and the Regulations on the Computer Software Protection.

## **PRC LAWS AND REGULATIONS ON FOREIGN EXCHANGE**

### **Regulations of the People's Republic of China on Foreign Exchange Administration**

The Regulations of the People's Republic of China on Foreign Exchange Administration was promulgated by the State Council on 29 January 1996 and last amended and effective on August 5, 2008. According to the aforesaid regulations, Renminbi is freely convertible on current account items, such as foreign exchange transactions and distribution of dividends in relation to trade and services. However, Renminbi is not freely convertible for capital accounts items such as capital transfer, direct investment, securities investment, derivatives or loans unless prior approval is obtained from the competent authority of the State Administration of Foreign Exchange.

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### **Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-Related Businesses**

The Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-Related Businesses (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) was issued and implemented by State Administration of Foreign Exchange (SAFE) on April 10, 2020. According to this notice, enterprises meeting certain conditions are permitted to use income under the capital accounts, including capital funds, foreign debts and overseas listing proceeds, for domestic payments without needing to provide proof of authenticity to banks in advance, as long as the fund usage is genuine, compliant and in accordance with current capital account income management regulations. Handling banks shall manage and control relevant business risks following the principle of prudent operation and conduct post-hoc spot checks afterwards on the payment facilitation business for income under the capital account handled by them according to relevant requirements.

### **Guidelines for Foreign Exchange Business under Capital Accounts (2024 Edition)**

According to the Guidelines for Foreign Exchange Business under Capital Accounts (2024 Edition) (《資本項目外匯業務指引》(2024年版)) issued by the SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in Renminbi or foreign currency. The use of funds must be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders’ meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses must comply with the relevant foreign exchange management regulations.

## **PRC LAWS AND REGULATIONS ON PRODUCTION SAFETY**

### **Work Safety Law of the People’s Republic of China**

The Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) was enacted by the Standing Committee of the National People’s Congress on June 29, 2002, last amended on June 10, 2021, and implemented on September 1, 2021. According to the Work Safety Law, production and business operation entities must meet the safety production conditions stipulated by this law, relevant laws, administrative regulations, national standards or industry standards. Entities that do not meet conditions for safe production cannot engage in production and business operations.

## **PRC LAWS AND REGULATIONS ON CYBERSECURITY AND DATA SECURITY**

### **Data Security Law of the People’s Republic of China and the Measures for Security Assessment of Cross-Border Data Transfer**

The Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) was promulgated by the Standing Committee of the National People’s Congress on June 10, 2021, and implemented on September 1, 2021. The Measures for Security Assessment of Cross-Border Data Transfer (《數據出境安全評估辦法》) were issued by the Cyberspace Administration of China on July 7, 2022 and implemented on September 1, 2022. According to these laws and measures, data processors providing data to overseas parties must declare a security assessment for cross-border data transfer to the national cyberspace administration through the local provincial cyberspace administration under any of the following circumstances: (i) where a data processor provides critical data abroad; (ii) where a critical information infrastructure operator or a data processor processing the personal information of more than one million people provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 people or sensitive personal information of 10,000 people in total abroad since January 1 of the previous year; and (iv) other circumstances stipulated by the national cyberspace administration for which a declaration for security assessment of cross-border data transfer is required.

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### **The Cybersecurity Law of the People’s Republic of China, Regulations on the Security Protection of Critical Information Infrastructure and Cybersecurity Review Measures**

The Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) was promulgated by the Standing Committee of the National People’s Congress on November 7, 2016, last amended on October 28, 2025 and effective on January 1, 2026. The Regulations on the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) were issued by the State Council on June 30, 2021 and implemented on September 1, 2021. The Cybersecurity Review Measures (《網絡安全審查辦法》) were deliberated and adopted by the Cyberspace Administration of China on November 16, 2021, agreed upon by the NDRC, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance, the Ministry of Commerce, the People’s Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection, and the State Cryptography Administration, and implemented on February 15, 2022. According to these laws, regulations and measures, the state implements a graded cybersecurity protection system. Network operators must fulfill their security protection obligations in accordance with the requirements of the graded cybersecurity protection system, ensuring the network is free from interference, destruction or unauthorized access, and preventing network data leakage, theft or tampering. For critical information infrastructure, in addition to the graded cybersecurity protection system, focused protection is implemented. Operators of critical information infrastructure purchasing network products and services and network platform operators engaging in data processing activities that affect or may affect national security, must undergo a cybersecurity review.