
REGULATORY OVERVIEW

I. REGULATION RELATING TO FOREIGN INVESTMENT

The *Company Law of the PRC*, adopted on December 29, 1993 by the Standing Committee of the National People’s Congress and recently amended on December 29, 2023, stipulates that companies are divided into limited liability companies and joint stock limited companies, and all companies established within China are governed by this law.

The *Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》), adopted by the National People’s Congress (NPC) on March 15, 2019 and effective from January 1, 2020, provides that the state adopts the management system of pre-establishment national treatment and negative list for foreign investment. Foreign investors are prohibited from investing in sectors specified as prohibited in the Negative List for Admission of Foreign Investment. For sectors classified as restricted under the Negative List for Admission of Foreign Investment, foreign investors must comply with the specific conditions stipulated therein. For sectors not included in the Negative List for Admission of Foreign Investment, management shall be implemented in accordance with the principle of equal treatment for domestic and foreign investment.

Pursuant to the *Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Version)* (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the Negative List) and the *Catalogue of Encouraged Industries for Foreign Investment (2022 Version) and (2025 Version)* (the Encouraged Catalogue), the Company and its domestic holding subsidiaries fall within the industrial sectors encouraged for foreign investment under the Encouraged Catalogue, and are not among the industrial sectors where foreign investment is prohibited or restricted under the Negative List.

II. REGULATION RELATING TO FOOD SAFETY

The *Food Safety Law of the PRC* (《中華人民共和國食品安全法》), adopted on February 28, 2009 by the NPC Standing Committee and recently amended on December 1, 2025, stipulates that the State implements a licensing system for the production and operation of food and food additives, establishes a full-process traceability system for food safety and a food recall system, and requires food producers and operators to be responsible for the safety of the food they produce or operate.

The *Product Quality Law of the PRC* (《中華人民共和國產品質量法》), adopted on February 22, 1993 by the NPC Standing Committee and recently amended on December 29, 2018, stipulates that the State implements a supervision and inspection system for product quality, with random inspections as the primary method. Samples for such random inspections shall be randomly selected from the market or from products to be sold in the finished goods warehouses of enterprises. Where products are found to be unqualified through supervision and inspection, the producers and sellers will be ordered to make corrections within a specified period; if corrections are not made within the specified period, the product quality supervision department of the provincial-level or above government will make a public announcement; if products remain unqualified after a re-inspection following the announcement, the enterprise will be ordered to suspend operations for rectification within a specified period; if the product quality remains unqualified after a re-inspection following the rectification period, its business license will be revoked.

The *Measures for the Administration of Food Business Licensing and Filing* (《食品經營許可和備案管理辦法》), issued by the State Administration for Market Regulation (SAMR) and effective from December 1, 2023, stipulate that food producers who have already obtained food production licenses do not require a food operation license to sell their self-produced food at their production and processing sites or through online channels. Food sellers who have already obtained food operation licenses do not require a separate filing for expanding into sales of pre-packaged food. Food producers who have already obtained food production licenses do not require a separate filing to sell their self-produced pre-packaged food at their production and processing sites or through online channels. Food producers who engage in food operation activities in different business premises

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shall obtain separate food operation licenses or filings for each premise according to the law. Food operation entities are classified into food sellers, catering service operators, and entity-operated canteens for centralized meal supply.

The *Administrative Provisions on Food Labeling* (《食品標識管理規定》), issued by the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) (now integrated into SAMR) and amended on October 22, 2009, explicitly require that food labels shall indicate the food name, place of origin, production date, shelf life, net weight, ingredient list, and the name, address and contact details of the producer, as well as the applicable national, industry or local standards. Foods that are subject to production license shall be labeled with their food production license number and QS mark.

III. REGULATION RELATING TO INTERNET MARKETING AND LIVE STREAMING E-COMMERCE

The *E-Commerce Law of the PRC* (《中華人民共和國電子商務法》), adopted by the NPC Standing Committee and effective from January 1, 2019, stipulates that e-commerce operators include e-commerce platform operators, operators on platforms, and e-commerce operators who sell goods or provide services through self-built websites or other network services. E-commerce operators shall register as market entities in accordance with the law.

The *Advertising Law of the PRC* (《中華人民共和國廣告法》), adopted on October 27, 1994 by the NPC Standing Committee and recently amended on April 29, 2021, explicitly requires that the release and transmission of advertisements via the internet must not affect the normal use of the internet by users; advertisements published on internet pages in the form of pop-ups shall be clearly marked with a closing sign to ensure one-click closure.

The *Measures for the Supervision and Administration of Online Transactions* (《網絡交易監督管理辦法》), issued by SAMR and effective from May 1, 2025, stipulate that online transaction operators shall disclose information on goods or services in a comprehensive, truthful, accurate and timely manner to protect consumers’ right to know and right to choose. Online transaction operators carrying out online transaction activities through network services such as social networks or live streaming shall prominently display the goods or services, the actual operating entity, after-sales service information, or link identifiers of the above information.

The *Measures for the Administration of Online Live Streaming Marketing (Trial)* (《網絡直播營銷管理辦法(試行)》), jointly issued by the Cyberspace Administration of China and six other departments and effective from May 25, 2021, require that operators of live streaming rooms and live streaming marketers engaged in online live streaming marketing activities must not fabricate or tamper with data traffic such as transactions, attention, views, and likes, which constitutes data fraud.

The *Code of Conduct for Online Anchors* (《網絡主播行為規範》), jointly issued and implemented by the National Radio and Television Administration and the Ministry of Culture and Tourism on June 8, 2022, requires that online anchors comply with the relevant regulations on real-name registration of accounts, and must not engage in 31 prohibited acts covering aspects such as political security, social order, minor protection, and business ethics. For live streaming content requiring higher professional expertise (such as medical and health care, finance and economics, law, education), anchors should obtain corresponding practicing qualifications and report such practicing qualifications to the live streaming platform, which shall conduct qualification review and filing.

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IV. REGULATION RELATING TO ENVIRONMENTAL PROTECTION

The *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) (the “Environmental Protection Law”), adopted on December 26, 1989 by the NPC Standing Committee and amended on April 24, 2014, explicitly stipulates that all entities and individuals have the obligation to protect the environment; producers and operators shall prevent and reduce environmental pollution and ecological damage, and bear responsibility for the damage caused in accordance with the law. The State implements a total emission control system for key pollutants and a pollution discharge permit management system. Construction of a project for which an environmental impact assessment has not been conducted in accordance with the law shall not commence. Pollution prevention and control facilities in a construction project shall be designed, constructed, and put into operation simultaneously with the main project. Pollution prevention and control facilities shall comply with the requirements of the approved environmental impact assessment documents, and must not be dismantled or left idle without authorization.

Ten laws related to environmental protection and pollution prevention and control, including the Environmental Protection Law will be replaced by the *Ecological Environment Code of the PRC* (《中華人民共和國生態環境法典》), which was adopted by the NPC and will take effect on June 28, 2026.

V. REGULATION RELATING TO PROPERTY

1. Land Administration

The *Land Administration Law of the PRC* (《中華人民共和國土地管理法》), adopted on June 25, 1986 by the NPC Standing Committee and recently amended on August 26, 2019, stipulates that construction entities using state-owned land shall use the land in accordance with the terms of the compensated use contract such as the land use right grant agreement or the provisions of the approval document for the allocation of land use rights. If a change in the intended use of such land is truly necessary, it shall be approved by the competent department of natural resources of the relevant people’s government and reported to the people’s government that originally approved the land use for approval.

The *Rural Land Contracting Law of the PRC* (《中華人民共和國農村土地承包法》), adopted on August 29, 2002 by the NPC Standing Committee and recently amended on December 29, 2018, stipulates that the State implements the rural land contracting and management system. Rural land contracting adopts the method of household contracting within rural collective economic organizations. After contracting land, the contractor acquires the right to land contractual management and may either manage it by itself or retain the land contracting right while transferring the land management right of the contracted land to others for management. Rural land contracting and management shall comply with laws and regulations, and protect the rational development and sustainable use of land resources. Contracted land must not be used for non-agricultural construction without approval in accordance with the law. Where the party granting the contract contracts rural land to an entity or individual outside the collective economic organization, it shall obtain prior consent from at least two-thirds of the members of the villagers’ assembly or at least two-thirds of the villagers’ representatives in the collective economic organization, and report to the township (town) people’s government for approval.

2. Property Leasing

The *Civil Code of the PRC*, adopted by the NPC and effective from January 1, 2021, stipulates that unless the parties have agreed otherwise, the income derived from the possession and use of the leased property during the lease term belongs to the lessee. A lessee may sublease the leased property to a third party with the consent of the lessor. Where the lessee subleases the property, the lease contract between the lessee and the lessor remains valid. If the third party causes damage to the leased property, the lessee shall compensate for the loss. If the lessee

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subleases the property without the consent of the lessor, the lessor may terminate the contract. A change in the ownership of the leased property during the term of the lease contract under which the lessee is in possession does not affect the validity of the lease contract.

The *Administrative Measures for the Lease of Commercial Properties* (《商品房屋租賃管理辦法》), issued by the Ministry of Housing and Urban-Rural Development and effective from February 1, 2011, require that within 30 days after the conclusion of a property lease contract, the parties to the property lease shall register the property lease with the competent department of construction (real estate) of the municipality directly under the Central Government, city or county where the leased property is located. If the lease registration is not completed in accordance with the above requirements, the competent department of construction (real estate) of the municipality directly under the Central Government, city or county shall order correction within a specified period; if an individual fails to make corrections within the specified period, a fine of not more than RMB1,000 shall be imposed; if an entity fails to make corrections within the specified period, a fine of not less than RMB1,000 and not more than RMB10,000 shall be imposed.

VI. REGULATION RELATING TO LABOR AND SOCIAL SECURITY

1. Labor Contract

The *Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》), adopted on June 29, 2007 by the NPC Standing Committee and recently amended on December 28, 2012, stipulates that this law applies to the establishment of labor relationships, and the conclusion, performance, modification, termination or expiration of labor contracts between employers and employees within China. Labor contract employment is the basic form of employment for enterprises, while labor dispatch employment is a supplementary form and may only be implemented in temporary, auxiliary, or substitute positions. The employer shall strictly control the number of dispatched employees, which shall not exceed a certain percentage of its total workforce. The employer may also adopt a part-time employment model, where employees work an average of no more than four hours every day and no more than 24 hours every week in the same entity.

2. Social Insurance

The *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》), adopted on October 28, 2010 by the NPC Standing Committee and recently amended on December 29, 2018, requires that employers shall, within 30 days from the date of hiring, apply for social insurance registration with the social insurance registration agency for their employees. If social insurance registration is not completed, the social insurance registration agency shall determine the social insurance premiums payable by the employer. If an employer fails to pay social insurance contributions in full and on time, the social insurance collection authority may order the employer to pay or make up the contributions within a specified period, and charge a daily late payment of 0.05% of the outstanding amount from the date of default. If the employer still fails to comply, the relevant administrative authority may impose a fine of not less than one time and not more than three times the unpaid amount.

The *Interpretation on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (II)* (《關於審理勞動爭議案件適用法律問題的解釋(二)》), issued by the Supreme People’s Court and effective from September 1, 2025, explicitly clarifies that any agreement between an employer and an employee that stipulates or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be invalid. Where an employer fails to pay social insurance premiums in accordance with the law, the employee shall have the right to request the termination of the labor contract on this ground and demand the employer to pay economic compensation. However, after the employer makes up the social insurance premiums in accordance with the law, it has the right to claim the return of the social insurance premium compensation already paid to the employee.

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3. Housing Provident Fund

The *Administration of Housing Provident Fund* (住房公積金管理條例), issued on April 3, 1999 by the State Council and recently amended on March 24, 2019, require that when an employer recruits an employee, it shall register with the housing provident fund administration center and establish or transfer employees’ housing provident fund accounts within 30 days from the employment date. If an employer fails to register for housing provident fund contributions or fails to set up accounts for its employees, the housing provident fund administration center may order it to complete such procedures within a specified period. If the employer fails to comply within such specified period, a fine of not less than RMB10,000 but not more than RMB50,000 may be imposed.

VII. REGULATION RELATING TO OVERSEAS SECURITIES ISSUANCE AND LISTING

The *Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies* (《境內企業境外發行證券和上市管理試行辦法》), issued by the CSRC and effective from March 31, 2023, require that a domestic enterprise in China making its initial public offering or listing overseas shall file with the CSRC within three working days after submitting the offering and listing application documents overseas.

The *Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Enterprises* (《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》), jointly issued by the CSRC and other departments and effective from March 31, 2023, require that during the overseas issuance and listing activities of a domestic enterprise, the domestic enterprise as well as securities companies and securities service institutions providing related services, shall strictly comply with relevant laws and regulations of the People’s Republic of China and the requirements of this regulation. They shall enhance their legal awareness of keeping state secrets and strengthening archive management, establish and improve confidentiality and archive management systems, implement necessary measures to fulfill confidentiality and archive management responsibilities, and must not disclose state secrets or work secrets of state agencies, nor harm national or public interests. Domestic enterprises that provide or publicly disclose documents or information involving state secrets or work secrets of state agencies to relevant securities companies, securities service institutions, overseas regulatory authorities or other entities and individuals, whether directly or through their overseas listed entities, shall obtain approval from competent authorities with approval authority in accordance with the law and file with the administrative department for confidentiality at the same level.

VIII. REGULATION RELATING TO CYBERSECURITY, DATA SECURITY AND PERSONAL INFORMATION PROTECTION

The *Cybersecurity Law of the People’s Republic of China* (《中華人民共和國網絡安全法》), adopted on June 1, 2017 by the NPC Standing Committee and recently amended on October 28, 2025, stipulates that the construction, operation, and provision of services via networks within China shall comply with the requirements of laws, administrative regulations, and mandatory national standards. Any individual or organization using the network shall abide by the Constitution and laws, uphold public order, and respect social morality. They must not endanger cybersecurity, nor use the network to engage in activities that endanger national security, honor and interests, incite the subversion of state power or overthrow the socialist system, incite secession or undermine national unity, promote terrorism or extremism, promote ethnic hatred or discrimination, disseminate violence, obscenity or pornography, fabricate and disseminate false information that disrupts economic and social order, or infringe upon the reputation, privacy, intellectual property rights, or other lawful rights and interests of others.

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The *Data Security Law of the PRC* (《中華人民共和國數據安全法》), adopted by the NPC Standing Committee and effective from September 1, 2021, explicitly stipulates that data processing activities carried out within China shall comply with Chinese laws and regulations. For data processing activities carried out outside China that harm the national security, public interests, or the lawful rights and interests of citizens or organizations of China, legal liability shall be pursued in accordance with the law.

The *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》), adopted by the NPC Standing Committee and effective from November 1, 2021, stipulates that the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information. No organization or individual may illegally collect, use, process, or transmit the personal information of others, nor illegally buy, sell, provide, or disclose the personal information of others. No organization or individual may engage in personal information processing activities that endanger national security or public interests.

The *Measures for Cybersecurity Review* (《網絡安全審查辦法》), jointly issued by the Cyberspace Administration of China and relevant government departments and effective from February 15, 2022, require that where an operator of critical information infrastructure purchases network products and services that affect or may affect national security, it shall declare a cybersecurity review to the Cybersecurity Review Office. A network platform operator that possesses personal information of more than one million users must declare a cybersecurity review to the Cybersecurity Review Office if it seeks to be listed abroad.

IX. REGULATION RELATING TO TAXATION

The *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》), adopted on March 16, 2007 by the NPC and recently amended on December 29, 2018 by the NPC Standing Committee, and the *Regulation on the Implementation of the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》), issued on December 6, 2007 by the State Council and recently amended on December 6, 2024, stipulate that enterprises within China are divided into resident enterprises and non-resident enterprises. A resident enterprise shall pay enterprise income tax on its income derived from both within and outside China at a tax rate of 25%.

The *Circular on the Scope of Primary Processing of Agricultural Products Eligible for Enterprise Income Tax Preferential Policies (Trial)* (《關於享受企業所得稅優惠政策的農產品初加工範圍(試行)的通知》) jointly issued by the MOF and the SAT on November 20, 2008, and the *Supplementary Circular on the Relevant Scope of Primary Processing of Agricultural Products Eligible for Enterprise Income Tax Preferential Policies* (《關於享受企業所得稅優惠的農產品初加工有關範圍的補充通知》) issued on May 11, 2011, clarify that income derived from the primary processing of agricultural products within the specified scope is exempt from enterprise income tax.

The *Value-Added Tax Law of the PRC* (《中華人民共和國增值稅法》), adopted on December 25, 2024 by the NPC Standing Committee and effective from January 1, 2026, stipulates that entities and individuals that sell goods, services, intangible assets, or immovable property within China, as well as those that import goods, are taxpayers of value-added tax (VAT) and shall pay VAT in accordance with the law. The tax rate for taxpayers selling goods or importing goods is generally 13%. The tax rate for taxpayers selling or importing agricultural products is 9%. The tax rate for taxpayers selling services or intangible assets is generally 6%. The tax rate for taxpayers exporting goods is zero, unless otherwise stipulated by the State Council. The tax rate for cross-border sales by domestic entities and individuals of services and intangible assets within the scope stipulated by the State Council is zero. The collection rate for VAT calculated and paid using the simplified assessment method is 3%.