LAWS, REGULATIONS AND POLICIES OF THE PRC

This section summarizes the principal laws, regulations and policies of the PRC relating to the Company's daily business and operating activities currently carried out within the PRC.

Relevant policies on the sensor and gas meter industry

In March 2021, the National People's Congress (the "**NPC**") approved the Outline of the 14th Five-Year Plan for the National Economic and Social Development and Long-range Objectives through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which specified that the focus would be put on the key fields such as high-end chips, operating systems, key artificial intelligence algorithms and sensors, and breakthroughs in research and development and iterative applications of fundamental theories, basic algorithms, and equipment materials would be accelerated.

In December 2021, the State Council issued the 14th Five-Year Plan for Digital Economy Development (《「十四五」數字經濟發展規劃》), pointing out that, during the period of 14th Five-Year Plan, capabilities in the innovation of key technologies should be strengthened, focusing on those strategically prospective fields such as sensors, quantum information, communication networks, integrated circuits, key software, big data, artificial intelligence, blockchain and new materials, and the competitive edges of its socialist system, the new system for mobilizing resources nationwide, and its ultra-large market should be fully used, so as to improve the fundamental capabilities in research and development of digital technology.

In December 2021, the Ministry of Industry and Information Technology issued the 14th Five-Year Plan for the Development of Intelligent Manufacturing (《「十四五」智能製造發展規劃》), pointing out that, during the period of 14th Five-Year Plan, intelligent manufacturing equipment should be developed with all might; joint innovation between industry, academia and research should be strengthened so as to realize breakthrough in a number of "critical bottleneck" in basic components and devices to overcome the shortcomings and weaknesses on the areas of, among others, perception, control, decision-making, and execution; research and development, manufacturing and iterative upgrade of general and special intelligent-created equipment should be accelerated through in-depth integration of advanced technology for public good, information technology and manufacturing equipment, and the construction of intelligent workshops/factories; innovative application of new technologies such as digital twins and artificial intelligence should be promoted to develop a number of world advanced new intelligent manufacturing equipment, including research and development of micro-nano displacement sensors, flexible tactile sensors, high-resolution visual sensors, online component detection instruments, advanced controllers, high-precision servo drive systems, high-performance and high-reliability retarders, wearable human-machine interaction devices, industrial site positioning equipment, and intelligent digital control systems.

In December 2023, the National Development and Reform Commission issued The Guidance Catalogue for Industrial Structure Adjustment (2024 Edition) (《產業結構調整指導目錄(2024年本)》), in which low-power intelligent sensors with wireless communication functions such as micro-nano displacement sensors, flexible tactile sensors, high-resolution visual sensors, and encryptable sensors, and high-precision sensors for mid-to-high-end autonomous driving are included in the encouraged development category to guide the industry to develop toward a high-end and intelligent direction.

In March 2024, the Ministry of Housing, Urban and Rural Development issued the Implementation Plan for Promoting the Equipment Renewals in Construction and Municipal Infrastructure (《推進建築和市政基礎設施設備更新工作實施方案》), specifying the key tasks for the construction of urban lifeline, fully implementing urban lifeline projects in cities at the prefecture level and above, and promoting the installation and renovation of the supporting IoT intelligent sensing equipment for, among others, underground pipe networks, bridges, tunnels, and manhole covers, and constructing monitoring IoT networks, so as to realize the transformation of urban safety risk prevention and control from passive response to active prevention, and promote the deep integration of state-of-the-art information technology and urban lifeline projects.

In May 2024, the National Development and Reform Commission, the National Data Administration, the Ministry of Finance, and the Ministry of Natural Resources issued the Guiding Opinions on Deepening the Development of Smart Cities and Advancing the Citywide Digital Transformation (《關於深化智慧城市發展推進城市全域數字化轉型的指導意見》), specifying the acceleration of digital transformation and intelligent operation of the public facilities such as urban constructions, roads and bridges, gardens and green landscapes, underground pipes and tunnels, water conservancy and waterworks, gas heating, and environmental sanitation, and coordinating the deployment of ambient resilient urban intelligent sensing terminals.

In June 2025, the State Administration of Market Regulation and the Ministry of Industry and Information Technology issued the Action Plan for the Development of New Quality Productive Forces in the Metrology Supporting Industry (2025-2030) (《計量支撐產業新質生產力發展行動方案(2025-2030年)》), pointing out that the focus should be placed on cutting-edge technological innovation and major application scenario needs of instruments and meters to facilitate breakthrough in overcoming weakness so as to realize domestic substitution. Research on key common metrology technology for high-end measurement instruments would be carried out to meet the metrological testing needs for basic processes, core algorithms, key components and core technical specification of the whole machine. At the same time, emphasis would be put on strengthening the building-up of the capabilities on metrological testing and evaluation for instruments and meters, so as to support the technological innovation of typical instruments and meters products through upgrading the metrology technology, and promote the domestic substitution of instruments and meters.

In December 2025, the Ministry of Industry and Information Technology, the Office of the Cybersecurity and Information Technology Commission of the Central Committee of the Communist Party of China, the National Development and Reform Commission, the Ministry of Education, the Ministry of Commerce, the SASAC of State Council, the State Administration of Market Supervision, and the National Data Administration jointly issued the Implementation Opinion on Artificial Intelligence + Manufacturing Special Action (《「人工智能+製造」專項行動實施意見》), to call for the upgrading of fundamental capabilities in intelligentization and hardware, and comprehensively improving the capabilities in information perception, transmission, decision-making, and control in various scenarios by installing sensing equipment and intelligent instruments, deploying edge computing devices, advancing the upgrade of industrial private networks, and using general-purpose tools and products for digital transformation.

In December 2025, the Ministry of Industry and Information Technology issued the Action Plan for the Integration and Empowerment of Industrial Internet and Artificial Intelligence (《工業互聯網和人工智能融合賦能行動方案》) to encourage artificial intelligence companies, industrial Internet companies, and industrial control companies to jointly promote intelligent upgrades of, among others, industrial communication chips, industrial sensors, industrial terminals, and industrial control systems to gradually increase the scope of application of humanoid robots.

Laws and regulations on company formation and foreign investment

The formation, operation and management of PRC enterprises are governed by the Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was promulgated by the Standing Committee of the NPC (the "**Standing Committee of the NPC**") on December 29, 1993, latest amended on December 29, 2023 and became effective on July 1, 2024. Limited liability companies and joint stock limited companies established in the PRC are governed by the PRC Company Law. Except as otherwise provided by foreign investment laws, foreign-invested companies are also subject to the PRC Company Law.

The Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》), which was promulgated by the NPC on March 15, 2019 and became effective on January 1, 2020, clarifies that the state implements a pre-entry national treatment plus negative list administration system for foreign investment. Pre-entry national treatment means that the treatment given to foreign investors and their investments during the investment entry stage would not be less favorable than that given to domestic investors and their investments; the negative list means the special administration implemented by the state on foreign investment access in specific fields. The state grants national treatment to foreign investment not listed in the negative list. In addition, the Implementation Regulation of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulation**"), which was promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020, further stipulates that the state shall formulate a catalog of industries that foreign investment is encouraged based on the needs of national economic and social development, and lists those specific industries, fields and regions that foreign investment is encouraged and guided.

On September 6, 2024, the National Development and Reform Commission and the Ministry of Commerce jointly revised and issued the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), which came into effect on November 1, 2024 to replace the previous version of the Negative List. If a domestic enterprise which is engaged in the business in which investment is prohibited under the Negative List, seeks for issuing of its shares, and having its shares listed and traded overseas, it shall be subject to review and approval by relevant competent authorities of the state. Foreign investors are not allowed to participate in the operation and management of such enterprises, and their shareholding ratio is governed by relevant regulations on the administration of domestic securities investment by foreign investors.

According to the Foreign Investment Security Review Measures (《外商投資安全審查辦法》), which was promulgated by the National Development and Reform Commission and the Ministry of Commerce on December 19, 2020 and became effective on January 18, 2021, foreign investments that affect or may affect national security are subject to security review in accordance with the provisions of the Measures. For foreign investment within the following scope, foreign investors or relevant domestic parties shall voluntarily report to the working mechanism office before making the investment: (1) investment in military industries, military industrial supporting facilities and any other fields related to national defense and security, as well as in the surrounding areas of military facilities and military industrial facilities; (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and any other important fields related to national security, and obtain actual control over the invested enterprises.

Relevant regulations on overseas investment

According to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), which was issued by the Ministry of Commerce on September 6, 2014 and became effective on October 6, 2014, the Ministry of Commerce and the competent commerce department at the provincial level shall respectively implement the filing and approval administration based on different circumstances of the enterprises' overseas investment. The enterprise's overseas investment involving sensitive countries and regions or sensitive industries is subject to approval administration. Other cases of overseas investment is subject to filing administration.

According to the Measures for the Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》),which was promulgated by the National Development and Reform Commission on December 26, 2017 and became effective on March 1, 2018, domestic enterprises (the "**Investment Entities**") in the PRC making overseas investment shall go through the procedures such as approval and filing of overseas investment projects (the "**Projects**"), report relevant information, and cooperate with supervision and inspection. The scope of approval administration is the sensitive projects carried out by the Investment Entities directly or through a foreign enterprise controlled by such Investment Entities; the scope of filing administration is the non-sensitive projects directly carried out by the Investment Entities, that is, the non-sensitive projects for which the Investment Entities directly make asset or equity contribution, or providing financing or guarantees. The aforementioned sensitive projects refer to the projects involving sensitive countries and regions or sensitive industries. The National Development and Reform Commission issued the Catalog of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), which came into effect on March 1, 2018, to list the sensitive industries for overseas investment in detail.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policy for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the State Administration of Foreign Exchange on February 13, 2015 and effective on June 1, 2015, the requirement for approval of foreign exchange registration for direct investment was lifted. The banks will directly examine and handle foreign exchange registration of overseas direct investment. The State Administration of Foreign Exchange and its branches exercise indirect supervision over foreign exchange registration of overseas direct investment through banks.

Laws and regulations on value-added telecommunications business

On September 25, 2000, the State Council promulgated the Telecommunications Regulation of the People's Republic of China (《中華人民共和國電信條例》) (the "**Telecommunications Regulation**"), which was amended and came into force on February 6, 2016. The Telecommunications Regulation has established a regulatory framework for telecommunications operators in the PRC, which divides telecommunications business into basic telecommunications business and value-added telecommunications business. A value-added telecommunications operator is required to obtain a license for operating value-added telecommunications business.

The Classification Catalogue of Telecommunications Services (《電信業務分類目錄》) is an annex to the Telecommunications Regulation and was latest revised by the Ministry of Industry and Information Technology on June 6, 2019. According to this annex, information services provided through public communication networks or the Internet are value-added telecommunications services. Internet information services are a subcategory of value-added telecommunications services (B25 information services) and are regulated by the Internet Information Service Administration Measures (《互聯網信息服務管理辦法》), which was issued by the State Council on September 25, 2000 and latest revised on December 6, 2024. Internet information service refers to the services that provide information to Internet users through the Internet. The Internet Information Service Administration Measures categorizes Internet information services into non-commercial Internet information services and commercial Internet information services.

According to the Administration Measures for the Filing of Non-Commercial Internet Information Services (《非經營性互聯網信息服務備案管理辦法》), which was issued on February 8, 2005 and latest amended and came into force on January 18, 2024, provision of non-commercial Internet information services within the PRC is subject to the filing procedures in accordance with the law. For the operator who fails to complete the filing procedures to provide non-commercial Internet information services, or provides services beyond the scope of registered items, the provincial communications administration bureau where such operator is domiciled will order it to make corrections within a time limit, and impose to it a fine not less than RMB5,000 but not more than RMB10,000. If such operator refuses to make corrections, its website will be forced to close.

The State Council promulgated the Regulation on the Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》) on December 11, 2001, which was amended on March 29, 2022 and became effective on May 1, 2022. It stipulates that value-added telecommunications enterprises invested by foreign investors in China must be established in the form of sino-foreign joint ventures, and the shareholding ratio of foreign investors in such enterprises must not exceed 50%. The joint ventures must also obtain approvals from the Ministry of Industry and Information Technology to engage in value-added telecommunications services in the PRC. The Negative List stipulates that the proportion of foreign-invested entities for the provision of value-added telecommunications business (excluding e-commerce, domestic multi-party communications, storage and forwarding, and call centers) must not exceed 50%.

Laws and regulations on cybersecurity and data security

According to the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), which was amended by the Standing Committee of the NPC on October 28, 2025 and came into force on January 1, 2026, the construction and operation of the network or the provision of services through the network is subject to the mandatory requirements under the laws and administrative regulations and national standards. Technical measures and any other necessary measures are adopted to ensure the security and stable operation of the network, effectively respond to cyber security incidents, prevent cyber illegal and criminal activities, and maintain the integrity, confidentiality and availability of cyber data.

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) which was promulgated by the Standing Committee of the NPC on June 10, 2021 and came into force on September 1, 2021, the state has established a classification and hierarchical system for data protection to classify, and provide hierarchical protection to, the data. Those who carry out data processing activities are required to establish and improve their full-process data security management systems, organize data security education and training, and take corresponding technical measures and any other necessary measures to ensure data security in accordance with laws and regulations.

The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") was promulgated by the Standing Committee of the NPC on August 20, 2021 and became effective on November 1, 2021. Personal information as defined in the Personal Information Protection Law means all kinds of information related to identified or identifiable natural persons recorded electronically or otherwise, excluding anonymized information. Circumstances under which a personal information processor may process personal information, including but not limited to obtaining the consent of an individual, necessary for the conclusion and performance of a contract in which the individual is a party. It also sets out certain specific rules regarding the obligations of personal information processors, such as informing the individuals of the purpose and the manner of processing, and the obligations of the processors in case of processing the personal information through joint processing or entrustment.

On September 24, 2024, the State Council promulgated the Regulation on Administration of Network Data Security (《網絡數據安全管理條例》), which became effective on January 1, 2025. Such regulation mainly addresses personal information protection, important data security management, the establishment of an efficient, convenient and secure cross-border data flow system, and the oversight of network platform service providers.

Laws and regulations on intellectual property

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) (the "**Patent Law**"), which was promulgated by the Standing Committee of the NPC on March 12, 1984, latest amended on October 17, 2020 and became effective on June 1, 2021, and the 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》), which was promulgated by the State Council on June 15, 2001, latest amended on December 11, 2023 and became effective on January 20, 2024. Patents are classified into three categories: invention, utility model and design. The term of an invention patent is twenty years, the term of a utility model patent is ten years, and the term of a design patent is fifteen years, all commencing from the date of application. Unless otherwise provided by the Patent Law, no entity or individual may exercise any patent without the permission of the holder of such patent after the patent right is granted. After a design patent is granted, no entity or individual may exercise the patent without the permission of the patent holder, meaning that no manufacturing, offering for sale, sale or import of any products with the design patent for the purpose of production and operation is allowed.

Trademark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), which was promulgated by the Standing Committee of the NPC on August 23, 1982, latest amended on April 23, 2019 and became effective on November 1, 2019, and the Regulation on 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》), which was promulgated by the State Council on August 3, 2002, latest amended on April 29, 2014 and became effective on May 1, 2014, trademarks approved by the Trademark Office for registration are registered trademarks, and trademark registrants enjoy exclusive rights to use such trademarks and are protected by law. The validity period of a registered trademark is ten years, commencing from the date of approval of registration.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) which was promulgated by the Standing Committee of the NPC on September 7, 1990, latest amended on November 11, 2020 and became effective on June 1, 2021, and the Regulation on the Implementation of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002, latest amended on January 30, 2013 and became effective March 1, 2013, citizens, legal persons or any unincorporated bodies of the PRC enjoy copyrights in their works, regardless of whether published or not, in accordance with the law. Works refer to intellectual creations in the fields of literature, art and science, which possess originality and are capable of being expressed in a certain form. The copyright owner enjoys a number of personal and property rights, including the right of publication, the right of authorship, and the right of modification.

According to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), which was promulgated by the State Council on December 20, 2001, latest amended on January 30, 2013 and became effective on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, computer software refers to computer programs and their related files. Citizens, legal persons or any other entities of the PRC enjoy copyrights in the software they develop, regardless of whether published or not. Software copyright arises from the date of completion of the development of such software. The period for which the software copyright of a legal person or any other entity is protected is 50 years, ending on December 31 of the modification year upon the first publication of the software. However, if a software remains unpublished within 50 years from the date of completion of its development, it will no longer be protected.

Integrated circuit layout design

According to the Regulations for the Protection of the Layout-design of Integrated Circuits (《集成電路布圖設計保護條例》), which was promulgated by the State Council on April 2, 2001 and came into force on October 1, 2001 (the "**Protection Regulations**"), a natural person, a legal person or any other entity of the PRC enjoys exclusive right to the layout design created by him/her/it in accordance with the Protection Regulations. The exclusive right of the layout design is created once the layout design is registered with the intellectual property administrative authorities under the State Council. Unregistered layout designs are not protected by the Protection Regulations. The period for which an exclusive right of a layout design is protected is 10 years, commencing from the date of application for the registration of the layout design or the date of its first commercial use in anywhere around the world, whenever earlier. However, regardless of whether it is registered or put into commercial use, the layout design is no longer protected by the Protection Regulations after 15 years from the date of completion of its creation.

Domain name

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and became effective on November 1, 2017, the Ministry of Industry and Information Technology is responsible for supervision and administration of domain name services nationwide. No entity or individual may interfere with the safe and stable operation of the Internet domain name system.

Laws and regulations on property lease

According to the Urban Real Estate Administration Law of the People's Republic of China《中華人民共和國城市房地產管理法》, which was promulgated by the Standing Committee of the NPC on July 5, 1994, latest amended on August 26, 2019 and became effective on January 1, 2020, for a property lease, a lessor and a lessee are required to enter into a written lease contract which sets out the clauses on the term of the lease, the purposes of the lease, the rental, responsibility for repair and maintenance, and any other rights and obligations of both parties, and file such contract with the real estate administration authorities for registration.

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, the parties to the property lease shall, within 30 days after entering into the property lease contract, file such property lease for registration with the competent construction (real estate) authorities of the people's government of the direct-administered municipality, city or county in which the leased property is located. If an individual or an entity violates the aforesaid regulation, the competent construction (real estate) authorities of the people's government of the direct-administered municipality, city or county has the power to order such individual or such entity to make a correction within a time limit. If such individual fails to make a correction within the time limit, he/she is liable to be fined not more than RMB1,000; if such entity fails to make a correction within the time limit, it is liable to be fined not less than RMB1,000 but not more than RMB10,000.

In addition, according to the Regulations on Housing Leasing (《住房租賃條例》), which was promulgated by the State Council on July 16, 2025 and came into force on September 15, 2025, the lessor shall file the housing lease contract with the real estate administration authorities of the place in which the leased housing is located through, among others, the housing lease administration platform in accordance with the regulations. If the lessor fails to file the housing lease contract, the lessee may do so instead. If a housing leasing enterprise fails to file a housing leasing contract in accordance with the regulations, the real estate administration authorities of the local people's government at or above the county level has power to order it to make a correction and issue a warning to it; if such enterprise refuses to make a correction, it is liable to be fined not less than RMB20,000 but not more than RMB100,000.

Laws and regulations on product quality

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), which was promulgated by the Standing Committee of the NPC on February 22, 1993 and latest amended on December 29, 2018, manufacturers and sellers are required to establish and improve their internal systems for product quality control, and strictly implement their post-oriented quality standards, quality responsibility and corresponding assessment methods. Counterfeiting or infringing any quality mark, such as a certification mark, is prohibited; falsification of the origin of goods is prohibited, forging or passing off the factory's name and address of other is prohibited; adulteration or counterfeiting in the production and sale of products is prohibited, and passing off counterfeit goods as genuine ones or passing off sub-standard products as standard products is prohibited.

Laws and regulations on import and export trade

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), which was promulgated by the Standing Committee of the NPC on January 22, 1987 and latest amended on April 29, 2021, unless otherwise stipulated, the recipients and consignees of imported and exported goods may handle the customs declaration procedures for the imported and exported goods themselves, or the recipients and consignees of imported and exported goods may entrust a customs declaration agent to handle the customs declaration procedures. Consignees and consignors of import and export goods and customs declaration agents shall complete the filing with the customs in accordance with the law when handling customs declaration procedures.

According to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》), which was promulgated by the Standing Committee of the NPC on May 12, 1994 and latest amended on December 27, 2025 and the Regulation of the People's Republic of China on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), which was promulgated by the State Council on December 10, 2001, latest amended on March 10, 2024 and became effective on May 1, 2024, no entity or individual may establish or maintain any prohibitive or restrictive measures over the import or export of goods except those expressly prohibited or restricted by laws or administrative regulations.

According to the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》), which was promulgated by the Standing Committee of the NPC on October 17, 2020 and became effective on December 1, 2020, the state controls the export of dual-use items, military supplies, nuclear, and any other items such as goods, technologies, services related to maintaining the national security and interests and fulfilling international obligations such as non-proliferation. The state's export control administration authorities formulate and adjust the export control lists of controlled items jointly with relevant departments in accordance with the provisions of the Export Control Law, relevant laws and administrative regulations, based on the export control policies, and under the prescribed procedures, and publish the lists in a timely manner. The state's export control administration authorities may impose temporary control on any goods, technologies and services no listed in the export control lists based on the need to maintain national security and interests and fulfill international obligations such as non-proliferation, with the approval of the State Council, or the approval of the State Council and the Central Military Commission, and make an announcement to that effect.

According to the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), which was promulgated by the General Administration of Customs on November 19, 2021 and became effective on January 1, 2022, consignees, consignors or customs declaration agents of the imported or exported goods only need to apply for recordation with the customs and no longer need to register with the General Administration of Customs. The recordation information will be published through the Credit Publicity Platform of Import and Export Business of Customs of the PRC.

According to the Foreign Trade Law of the People's Republic of China, which was promulgated by the Standing Committee of the NPC on May 12, 1994 and latest amended on December 30, 2022, the requirement that foreign trade operators engaged in the import and export of goods or technologies must file registration with competent foreign trade department under the State Council or its authorized authorities has been abolished.

Laws and regulations on environmental protection

According to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) (hereinafter referred to as the "**Environmental Protection Law**"), which was promulgated by the Standing Committee of the NPC on December 26, 1989 and latest amended on April 24, 2014, any entity that discharges or will discharge pollutants during its operations or any other activities must implement effective environmental protection measures to control and properly dispose of those harmful elements such as waste gas, waste water, waste residue, fine dust, malodorous gas, radioactive substances, noise, vibration or electromagnetic radiation generated during such activities. The state implements an administration system for pollutant discharge permit in accordance with laws and regulations. According to the Environmental Protection Law and the Regulation on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), which was issued by the State Council on January 24, 2021 and became effective on March 1, 2021, an enterprise, a public institution or any other production operator, which is under the administration of pollutant discharge, shall discharge the pollutants in accordance with the requirements of the pollutant discharge permit. Those who have not obtained pollutant discharge permits are not allowed to discharge any pollutants. The competent environmental protection authorities may impose various administrative penalties on those individuals or enterprises who violate the Environmental Protection Law.

According to the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998 and amended on July 16, 2017 and the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was issued by the former Ministry of Environmental Protection on November 20, 2017, the PRC implements an environmental impact assessment system for construction projects. A construction unit is required to submit an environmental impact statement or an environmental impact report for approval prior to the commencement of a construction project, or submit an environmental impact registration form for record purposes in accordance with the requirements of the competent environmental protection administrative department of the State Council. In addition, after the completion of the construction project for which an environmental impact statement or an environmental impact report is prepared, the construction unit is required to perform inspection and acceptance of the supporting environmental protection facilities of the completed project and prepare an acceptance report in accordance with the standards and procedures specified by the environmental protection administrative department of the State Council. For construction projects that are constructed, put into production or used in phases, the corresponding environmental protection facilities are required to be inspected and accepted in phases. The construction project may only be put into production or use upon the inspection and acceptance of the completed supporting environmental protection facilities. Facilities that have not undergone or passed the inspection and acceptance may not be put into production or use.

Pollution prevention and control

According to the Regulation on the Administration of Pollutant Discharge Permits, which was promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, an enterprise, a public institution or any other production operator listed in the administrative classification list for permitting discharge of pollutant from stationary sources of pollution (hereinafter referred to as a "**Pollutant Discharge Unit**") is required to apply for and obtain a pollutant discharge permit within the prescribed time limit; those not listed in the classification list are not required to apply for it temporarily.

According to the Directory for the Classification and Management of Pollutant Discharge Permits from Stationary Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), which was promulgated by the Ministry of Ecology and Environment on December 20, 2019 and became effective on the same day, a Pollutant Discharge Unit under the registration and management is not required to apply for a pollutant discharge permit. Instead, it shall fill out a pollutant discharge registration form on the national information platform for management of pollutant discharge permission, and register, among others, its basic information, the whereabouts of the pollutant discharged, the standard for pollutant discharge implemented, and the pollution prevention and control measures adopted.

Laws and regulations on production safety

According to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), which was latest amended by the Standing Committee of the NPC on June 10, 2021, production and operation units must comply with the Production Safety Law of the People's Republic of China and any other laws and regulations related to production safety, strengthen their production safety management, establish and refine their all-staff production safety responsibility systems and their production safety rules and regulations, increase the funding, supplies, technology and personnel for production safety, improve production safety conditions, strengthen the standardization and information construction for production safety, establish dual prevention mechanisms for hierarchical control on safety risk and hidden risk investigation and management, improve their the risk prevention and mitigation mechanisms, and enhance the level of safe production to ensure safe production.

According to the Measures for the Supervision and Administration of "Three Simultaneities" for Safety Facilities in Construction Projects (《建設項目安全設施「三同時」監督管理辦法》), which was promulgated by the former State Administration of Work Safety (now known as the Ministry of Emergency Management) on December 14, 2010, latest amended on April 2, 2015 and became effective on May 1, 2015, safety facilities for any new, renovated and expanded construction project must be designed, constructed, put into production and use at the same time as the main project. An enterprise is required to conduct a comprehensive analysis on the conditions and facilities for safety production, and prepare a written report for inspection, or conduct a pre-evaluation on safety for its construction project, and prepare a pre-evaluation report on safety. During the preliminary design of a construction project, an enterprise is required to engage a design firm with corresponding qualifications to design the safety facilities of the construction project at the same time and prepare the safety facilities design. Before a construction project is completed and put into production, the enterprise is required to arrange a completion inspection for the safety facilities and prepare a written report for inspection. The safety facilities may not be put into production and use until they are inspected and accepted upon completion. If an enterprise violates relevant regulations, it may be ordered to suspend production and business for rectification and correction within a time limit, and imposed a fine.

Laws and regulations on labor and social security

Labor Law and Labor Contract Law

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), which was latest amended by the Standing Committee of the NPC on December 29, 2018 and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), which was latest amended by the Standing Committee of the NPC on December 28, 2012 and became effective on July 1, 2013, labor contracts are required for the establishment of employment relations. Employers shall establish and improve their labor rules and regulations in accordance with the laws to ensure that the employees enjoy their labor rights and perform their labor obligations.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法》), which was latest amended by the Standing Committee of the NPC on December 29, 2018 and came into force on the same date, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was latest amended and became enforceable by the State Council on March 24, 2019, social insurance systems such as basic endowment insurance, basic medical insurance, employment injury insurance, unemployment insurance and maternity insurance have been established. Premium paying entities shall go through the social insurance registration with local social insurance agencies and participate in social insurance. Premium paying entities or individuals shall pay social insurance premiums on time and in full amount.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was latest amended and became enforceable by the State Council on March 24, 2019, an entity shall undergo the formalities for registration of housing provident fund contribution with the Housing Provident Fund Management Center and undergo the formalities for opening housing provident funds accounts for its employees. Entities shall make contribution to the housing provident funds on time and in full amount.

On July 31, 2025, the Supreme People's Court issued "The Interpretation of the Supreme People's Court on the Application of Law in the Trial of Labor Dispute Cases (II)" (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**Judicial Interpretation**"), which came into force on September 1, 2025. According to the Judicial Interpretation, if an employer enters into an agreement with an employee or the employee accepts that the employer does not have to pay the social insurance premiums, the people's court should determine that such agreement or acceptance is invalid. If the employer fails to pay social insurance premiums in accordance with the law, and the employee requests to discharge the labor contract in accordance with Paragraph 3, Article 38 of the Labor Contract Law and the employer shall pay economic compensation, the people's court shall support it in accordance with the law. Under the aforesaid circumstances, if the employer requests the employee to repay the paid social insurance premium compensation after paying the social insurance premium in accordance with the law, the people's court shall support it in accordance with the law.

Laws and regulations on taxation

Enterprise income tax

According to the Enterprise Income Tax Law and related implementing regulations, the unified enterprise income tax rate is 25%. However, if a non-resident enterprise has no office or establishment within the territory of the PRC, or if it has office or establishment but its incomes have no actual connection to such office or establishment, it shall be subject to enterprise income tax at a rate of 10% on its income derived from the PRC.

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), which was promulgated by the Standing Committee of the NPC and latest amended and came into force on December 29, 2018 and the Regulation on the Implementation of the Enterprise 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》), which was promulgated by the State Council, latest amended on December 6, 2024 and came into force on January 20, 2025, a unified enterprise income tax rate of 25% is applicable to both foreign-invested enterprises and domestic enterprises, and preferential tax treatments are granted to special industries and projects. Eligible small and low-profit enterprises are subject to a reduced enterprise income tax rate of 20%. For high-tech enterprises that need to be supported by the PRC government, the enterprise income tax is levied at a reduced rate of 15%.

Value-added tax

On December 25, 2024, the Standing Committee of the NPC issued the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) (the "**Value-added Tax Law**"), which came into effect on January 1, 2026. According to the Value-Added Tax Law, entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, immovable property and import goods within the PRC are taxpayers of the VAT and shall pay the VAT in accordance with the provisions of the Law. Unless otherwise specified, for taxpayers who are engaged in sale of goods, provision of processing, repair and replacement services, leasing of tangible property, and imported goods, the tax rate is 13%, and in certain specific circumstances, the tax rates are 9%, 6% and 0%.

Laws and regulations on foreign exchange

According to the Regulation of the People's Republic of China on the Foreign Exchange Administration《中華人民共和國外匯管理條例》, which was latest amended by the State Council on August 5, 2008, the regulation applies to the foreign exchange incomes and expenditures or foreign exchange business operations of domestic entities and domestic individuals, and the foreign exchange incomes and expenditures or foreign exchange business operations of foreign entities and foreign individuals within the territory of the PRC.

Pursuant to the Notice on Issues Concerning the Management of Funds for Overseas Listings by Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), which was issued by the People's Bank of China and the State Administration of Foreign Exchange on December 24, 2025, and came into effect on April 1, 2026, the People's Bank of China, the State Administration of Foreign Exchange, and their branches shall supervise, manage, and inspect activities related to overseas listings by domestic enterprises, including business registration, account opening and use, cross-border receipts and payments, and fund transfers. Domestic enterprises listing overseas must apply for overseas listing registration at a bank located within the province or specifically designed cities in the state plan where the company is registered within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which was issued by the State Administration of Foreign Exchange on June 9, 2016, the relevant policies have clearly set out that foreign exchange income under capital accounts that discretionary foreign exchange settlement applies to (including foreign exchange capital, proceeds from foreign debts and remitted proceeds from foreign listing) could be settled on a discretionary basis at banks based on the actual needs of the business operating of such domestic entity. In the event that existing regulations have imposed restrictive provision on domestic entities to settle their foreign exchange income under the capital account, those restrictions apply.

According to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《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》), which was issued by the State Administration of Foreign Exchange on April 10, 2020, qualified enterprises are allowed to use their incomes under the capital accounts such as capital, foreign debt and proceeds from overseas listing for domestic payment without providing the banks with supporting materials in advance to prove their authenticity on case-by-case basis, provided that the use of funds is true and compliant with the current regulations on the use of income under the capital accounts. According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), which was issued by the State Administration of Foreign Exchange on December 4, 2023, foreign exchange funds raised from overseas listing of domestic enterprises may be directly remitted to the settlement account under the capital account. Funds in the settlement account under the capital account may be used through independent foreign exchange settlement.

Laws and regulations on equity incentive plans

According to the Notice of State Administration of Foreign Exchange on Foreign Exchange Administration Issues Concerning Domestic Individuals' Participation in Overseas Listed Companies' Equity Incentive Plans (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**SAFE Circular No. 7**"), which was promulgated by SAFE on February 15, 2012, and other regulations, directors, supervisors, senior management members and any other employees who are citizens of the PRC or who have continuously resided in the PRC for not less than one year participating in any equity incentive plans of overseas listed companies must, subject to certain exceptions, register with SAFE through domestic agencies. In addition, an offshore entity must be entrusted to handle related matters such as exercise of rights, purchase or sale of shares or interests, and corresponding fund transfers. Foreign exchange income from the sale of shares under an equity incentive plan by a PRC resident and dividends distributed by overseas listed companies shall be remitted to the bank account opened in the PRC by the domestic entity and distributed to PRC residents.

Laws and regulations on the issuance and listing of overseas securities by domestic enterprises

Securities laws and regulations

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**Securities Law**"), which was latest amended by the Standing Committee of the NPC on December 28, 2019 and became effective on March 1, 2020, comprehensively regulates the activities in the domestic securities market in the PRC, including the issuance and trading of securities, acquisition of listed companies, information disclosure, investor protection, venue for securities trading, securities companies, securities registration and settlement house, securities service providers, securities industry associations and securities regulatory authorities. The Securities Law further stipulates that domestic enterprises that directly or indirectly issue their securities overseas or have their securities listed overseas shall comply with relevant regulations of the State Council. Specific measures for the subscription and trading of shares of domestic companies in foreign currencies have been separately promulgated by the State Council. The China Securities Regulatory Commission is the securities regulatory body established by the State Council. It is responsible for supervising and managing the securities market in accordance with the law, maintaining market order and ensuring the legal operation of the market.

Overseas listing

On February 17, 2023, the China Securities Regulatory Commission issued the Trial Measures on the Administration of Overseas Securities Offerings and Listings by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》(the "**Trial Measures**") and related guidelines, which became effective on March 31, 2023. According to the Trial Measures, if an enterprise directly or indirectly issues its shares or has its shares listed overseas, it shall report to the China Securities Regulatory Commission within 3 working days after submitting the application documents for issuance and listing overseas; overseas issuance and listing is prohibited under any of the following circumstances: listing and financing are explicitly prohibited under laws, administrative regulations or relevant national regulations; it has been examined and determined by relevant competent department of the State Council in accordance with the law that such overseas issuance and listing may endanger national security; the domestic enterprise or its controlling shareholder or its de facto controller has committed a criminal offence of corruption, bribery, embezzlement or misappropriation of property, or disruption of the economic order of the socialist market in the past 3 years; the domestic enterprise is being investigated in accordance with the law due to suspected crimes or major violations of laws and regulations, and no clear conclusion has been reached; there exists a material dispute over ownership of the equity interests held by the controlling shareholder or shareholders controlled by the controlling shareholder or de facto controller.

According to the Provisions on Strengthening Confidentiality and Archives Administration of 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》) (the "**Provisions on Strengthening Confidentiality and Archives Administration**"), which was jointly issued by the CSRC and other departments on February 24, 2023 and became effective on March 31, 2023, in the overseas offering and listing activities of domestic enterprises, domestic enterprises, and securities companies and securities service providers that provide corresponding services shall strictly comply with applicable laws and regulations of the People's Republic of China and satisfy the requirements of the Provisions on Strengthening Confidentiality and Archives Administration, enhance their legal awareness of safeguarding state secrets and strengthening their archives administration, establish and improve their confidentiality and archives work systems, and take necessary measures to fulfill their confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service providers, overseas regulators, and any other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service providers, overseas regulators, and any other entities and individuals, other documents and materials whose divulgence will have adverse impact on national security or public interest, shall strictly undergo relevant procedures in accordance with relevant regulations of the state.