This section sets out a summary of the most significant rules and regulations that affect our business activities in China or our shareholders' rights to receive dividends and other distributions from us.

Regulations regarding Foreign Investment

Investment activities in the PRC by foreign investors are principally governed by the Catalogue of Industries for Encouraging Foreign Investment, or the Encouraging Catalogue, and the Special Administrative Measures (Negative List) for Foreign Investment Access, or the Negative List, which were promulgated and are amended from time to time by MOFCOM and the NDRC, and together with the Foreign Investment Law and its respective implementation rules and ancillary regulations. The Encouraging Catalogue and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted" and "prohibited". Industries not listed in the Encouraging Catalogue or the Negative List are generally deemed as falling into a fourth category "permitted" unless specifically restricted by other PRC laws. On 15 December 2025, MOFCOM and the NDRC promulgated the Catalogue of Industries Encouraged for Foreign Investment (2025 Edition), which took effect on 1 February 2026. On 6 September 2024, MOFCOM and the NDRC promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (the "**New Negative List**") , which became effective on 1 November 2024. Our PRC Legal Advisers are of the view that during the Track Record Period, our business scope did not fall within the categories prohibited for foreign investment as specified in the New Negative List.

On 15 March 2019, the National People's Congress approved the Foreign Investment Law of the People's Republic of China ("**Foreign Investment Law**"), which took effect on 1 January 2020. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic invested enterprises in China. The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition. The Foreign Investment Law provides that foreign invested entities operating in foreign restricted industries will require market entry clearance and other approvals from relevant PRC governmental authorities.

On 26 December 2019, the State Council promulgated the Implementation Rules of Foreign Investment Law of the People's Republic of China, which took effect on 1 January 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimise foreign investment environment, and advances a higher-level opening.

On 30 December 2019, MOFCOM and the State Administration for Market Regulation (SAMR) jointly promulgated the Measures for Information Reporting on Foreign Investment, which became effective on 1 January 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

The NDRC and MOFCOM jointly promulgated the Measures for the Security Review of Foreign Investment, or the Security Review Measures on the Foreign Investment on 19 December 2020, which came into effect on 18 January 2021. Pursuant to the Security Review Measures on the Foreign Investment, the NDRC and MOFCOM will establish a working mechanism office in charge of the security review of foreign investment, and any foreign investment which has or would possibly have an impact on the national security shall be subject to security review by such working mechanism office.

Main Laws and Regulations of the Industry and Industrial Policies

In August 2018, the National People's Congress Standing Committee promulgated the E-Commerce Law of the People's Republic of China (中華人民共和國電子商務法) (the "**E-Commerce Law**"), which took effect in January 2019. The E-Commerce Law proposes a series of requirements on e-commerce operators, including third-party e-commerce platform operators, registered product or service providers of platforms, and product or services providers operating through a self-built website or any other network.

For example, the E-Commerce Law requires e-commerce operators to respect and equally protect consumers' legitimate rights and provide options to consumers without targeting their personal characteristics, and also requires e-commerce operators to clearly point out to consumers their tie-in sales in which additional services or products are added by merchants to a purchase, and not to assume consumers' consent to such tie-in sales by default. The E-Commerce Law also organised rules on e-commerce contact execution and performance between e-commerce product/service providers and customers.

In February 2020, the Ministry of Commerce drafted the Administrative Measures for E-commerce Information Disclosure (Draft for Comments). The measures require e-commerce operators to legally disclose relevant information or links to such information, encourage e-commerce operators to disclose information about the application of green packaging and third-party credit evaluations, and support e-commerce operators in disclosing information related to corporate responsibility, platform responsibility, public welfare, and other matters.

In March 2021, SAMR approved the Measures for the Supervision and Administration of Online Trading, further amended on 18 March 2025 and effective from 1 May 2025. These regulations apply to business activities that sell goods or provide services within the territory of the PRC through the internet or other information networks (hereinafter referred to as "online"), as well as the supervision and administration of these activities by market supervision authorities. They also apply to business activities encompassing selling goods or providing services on online social networks, online live streaming, and other information network activities. These regulations clarify the responsibilities and obligations of online transaction operators and online platform operators.

In April 2021, the Cyberspace Administration of China (CAC) and six other departments issued the "Measures for the Administration of Live Streaming Marketing (for Trial Implementation"(《網絡直播營銷管理辦法(試行)》), which took effect in May 2021. These regulations standardise online live streaming marketing, safeguard national security and public interest, and protect the lawful rights and interests of citizens, legal persons and other organisations.

REGULATIONS RELATING TO IMPORTAND EXPORT OF GOODS

Pursuant to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the SCNPC on 12 May 1994 and last amended on 27 December 2025 and effective on 1 March 2026, and the Notice on Matters Relating to the Filing of Consignees and Consignors of Imported and Exported Goods (《海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) issued by the General Administration of Customs of the People's Republic of China on 3 January 2023 and effective on the same date, the consignee or consignor of imported or exported goods applying for filing should obtain the qualification of the market entity, but no filing for foreign trade operators is required.

Pursuant to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the SCNPC on 22 January 1987, and last amended on 29 April 2021, the consignee of imported goods, the consignor of exported goods, and the owner of inbound and outbound goods are the taxpayers of customs duties. For the imported and exported goods, unless otherwise provided for, customs declaration and tax payment procedures may be completed by the consignee or consignor of the imported and exported goods, or the consignee or consignor of import and export goods may entrust a customs declaration enterprise to complete the customs declaration and tax payment procedures. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the customs in accordance with the law. Customs declaration units refer to the consignee or consignor of the imported and exported goods and the customs declaration enterprises filed with the customs in accordance with the Regulations of the People's Republic of China on the Administration of the Record of Customs Declaration Units (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the People's Republic of China on 19 November 2021 and becoming effective as of 1 January 2022. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filing, it shall obtain the qualification of market entities.

Pursuant to the Regulations 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》), or the Regulations on the Administration of

Import and Export of Goods promulgated by the State Council on 10 December 2001 and last amended on 10 March 2024, which came into effect on 1 May 2024, enterprises engaged in the trade activities of importing goods into the territory of the People's Republic of China or exporting goods outside of China must comply with the Regulations on the Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota system; and goods whose import or export is free shall not be subject to restriction. The consignee of imported goods or the consignor of exported goods shall submit an automatic import and export license, an import and export license or a quota certificate to the customs for customs clearance.

Regulations on Licences and Permits

Food Operation Permit

Pursuant to the Administrative Measures on Food Operation Licensing and Filing (《食品經營許可和備案管理辦法》) promulgated by the SAMR on 15 June 2023, and effective from 1 December 2023, entities engaged in food sales and catering services in China shall obtain a food operation permit. However, selling edible agricultural products or only pre-packaged foods are exempt from this requirement. Operators selling only pre-packaged foods shall file for record-filing with the local market supervision department at the county level or above. The market supervision department at the county level or above is responsible for recording these reports on the food operation licensing and information record-filing platform.

Veterinary drug operation permit

Pursuant to the Regulation on Veterinary Drug Administration, which was issued by the State Council in April 2004 and further amended in July 2014, February 2016 and March 2020. Any entity planning to engage in the business of veterinary drugs must file an application to the veterinary administration under the city or county people's government. In addition, whoever operates veterinary biological products shall file the application to the veterinary administration under the people's government of the province, autonomous region, or municipality directly under the Central Government.

Medical device operation permit

Pursuant to the Regulations on the Supervision and Administration of Medical Devices, which was issued by the State Council in 2000 and further amended in March 2014, May 2017, December 2020 and December 2024, medical devices are divided into three types. To engage in the business operation of Class II medical devices, a business operator shall file for record with and submit relevant materials to the work safety administration department of the government of the city divided into districts where it is located. To engage in the business operation of Class III medical devices, a business operator shall apply for an operation licence and submit relevant materials to the work safety administration department of the government of the city divided into districts where it is located.

Except for licences and permits, we are also subject to various legal obligations as we sell certain products. For example, under relevant PRC laws, we, as sellers of cosmetics, are obliged to check whether the cosmetics we sell online have been issued the requisite permits, certificates or filings in relation to the production or import of such products and whether such products have passed the quality inspection before they are sold.

Regulation on Product Quality, Advertising and Consumer Protection

The Product Quality Law of the People's Republic of China ("**Product Quality Law**"), promulgated in 1993 and subsequently amended in July 2000, August 2009 and December 2018, applies to all production and sale activities in China. Pursuant to the Product Quality Law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any way, including forging brand labels or giving false information regarding a product's manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes personal injury or damage to another person's property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

The principal regulations governing promotion and advertising activities in China include the Anti-Unfair Competition Law of the People's Republic of China promulgated in 1993 and last amended on 27 June 2025 and effective on 15 October 2025, the Pricing Law of the People's Republic of China promulgated in 1997, and the Advertising Law of the People's Republic of China ("**PRC Advertising Law**") promulgated in 1994 and subsequently amended in April 2015, October 2018 and April 2021. Under the PRC Advertising Law, advertising operators and advertising distributors will be subject to more stringent requirements and obligations. For example, entities or individuals shall not send advertisements to customers' telephones, mobile or email accounts without the customers' consents or requests, and any advertisement containing any kind of misleading, false or inaccurate information with respect to product quality, constituents, functionality, price, sales performance or other features will be deemed as deceptive advertising and will subject the advertising operators and distributors to penalties more severe than those under the original law. In addition, the PRC Anti-Unfair Competition Law further imposes stringent requirements on various promotional activities, such as prize-giving sales and bundling sales. Violation of these requirements may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements, and orders to publish a correction to the misleading information.

The Consumer Protection Law promulgated by the National People's Congress Standing Committee in October 1993 and subsequently amended in August 2009 and October 2013 sets out the obligations of business operators and the rights and interests of the consumers in China. Pursuant to this law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacement of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business operators or the responsible individuals to criminal penalties when personal damages are involved or if the circumstances are severe. The Consumer Protection Law was further amended in October 2013 and became effective in March 2014. The amended Consumer Protection Law further strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators, especially on the business operators through the internet. For example, the consumers are entitled to return the goods (except for certain specific goods, such as custom-made goods, fresh and perishable goods) within seven days upon receipt without any reasons when they purchase the goods from business operators on the internet. The consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online marketplace stores may claim damages from sellers or service providers. Moreover, if business operators deceive consumers when selling products or providing services, they should not only compensate consumers for their losses, but also pay additional damages equal to three times the price of the goods or services. If business operators knowingly sell defective products or provide services to the consumers and such products and services cause death of the consumers or other victims or cause severe damage to the health of the consumers or other victims, they should not only compensate victims for their loss, but also pay additional damages up to twice of the victims' loss.

We are subject to the above laws and regulations as we sales goods online and believe that we are currently in compliance with these regulations in all material aspects.

Regulation on Cyber Security and Personal Information Protection

The National People's Congress Standing Committee promulgated the Cybersecurity Law of the People's Republic of China ("**Cybersecurity Law**") on 7 November 2016, which took effect from 1 June 2017 with the latest amendment being effective on 1 January 2026. Construction, operation, maintenance and use of networks within the territory of the PRC will be subject to the law. Network operators in the

PRC are required to perform the following obligations to ensure cyber security under a graded system of cyber security protection: (i) formulating internal security management systems and operation manual, to specify the person in charge of cyber security and to define responsibilities in cyber security protection; (ii) taking technical measures to prevent computer virus, network attacks, network intrusions and other activities that endanger cyber security; (iii) taking technical measures to monitor and record network operation and cyber security status, and maintaining relevant logs for no less than six months as required; (iv) taking measures such as data classification, and backup and encryption of important data, etc.; and (v) performing other obligations required by relevant laws and administrative regulations.

In addition, the Cybersecurity Law specifies that network products and services shall satisfy the mandatory requirements set out in applicable national standards. Any provider of network products or services shall not install malwares. In case of identifying any cyber security risk such as security defect or bug, relevant product/service provider is required to take immediate remedial actions, timely inform users of the risk, and report the event to the competent authority.

Furthermore, the Cybersecurity Law systematically specifies requirements on user information protection applicable to network operator and requires that a network operator should establish and improve its user information protection system. Network operators shall collect, store, and use individual information with consent from such individuals by lawful and proper means on a necessary basis. Network operators cannot collect individual user information that is not relevant to the services it provides, or distort or destroy individual information collected by it. Network operators are prohibited from disclosing without permission or selling individual information unless individual specifics are unidentifiable from the information which has been processed and become irretrievable. In addition, a network operator shall strengthen its management of information released by its users. If it founds any information that is prohibited bylaws and administrative regulations from release or transmission, it shall immediately cease transmission of such information, and take measures such as deletion of relevant information to prevent dissemination of the same, and shall keep relevant record, and report the event to competent authorities. Also, a network operator is required to establish network information security complaint and reporting mechanisms, and to release the complaint and reporting channels to promptly accept and settle complaints and reports concerning network information security.

Our PRC Legal Advisers have confirmed, and the Sole Sponsor has concurred, that during the Track Record Period and up to the Latest Practicable Date, we had complied with the Cybersecurity Law in all material respects and were not subject to any administrative penalties imposed by regulatory authorities for violations of laws and regulations.

The Measures for Cyber Security Review was issued on 28 December 2021 and came into effect on 15 February 2022. According to the Measures for Cyber Security Review, a critical information infrastructure operator, before purchasing network products and services, shall prejudge the national security risks that may arise after the products and services are put into use. If such products and services will or may affect national security, the operator shall apply for cyber security review to the cyber security review office.

The Provisions on the Cyber Protection of Children's Personal Information issued by the Cyberspace Administration of China came into effect on 1 October 2019, which requires, among others, that network operators who collect, store, use, transfer and disclose personal information of children under the age of 14 shall establish special rules and user agreements for the protection of children's personal information, inform the children's guardians in a noticeable and clear manner, and shall obtain the consent of the children's guardians.

On 20 August 2021, the SCNPC issued the PRC Personal Information Protection Law (the "**PIPL**"), which integrates the scattered rules with respect to personal information rights and privacy protection. The PIPL aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information.

Regulation on the Use of AI Technologies

On 10 July 2023, with the approval of the NDRC, Ministry of Education, Ministry of Science and Technology, Ministry of Industry and Information Technology, Ministry of Public Security, and National Radio and Television Administration, the CAC issued the Interim Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》), which took effect on 15 August 2023 and set compliance requirements for providing generative AI services. Individuals or organisations offering generative AI services that produce text, images, audio, video, and other content shall assume responsibilities as online information content producers and personal information handlers, fulfilling personal information protection obligations. Providers of generative AI services shall sign service agreements with registered users and take effective measures to prevent minor users from over-reliance on or becoming addicted to these services. If providers discover illegal content or users engaging in illegal activities through generative AI, they shall promptly take actions such as stopping the generation of illegal content, suspending or terminating services, rectifying the situation, preserving relevant records, and reporting to the competent authorities.

On 7 March 2025, the CAC, Ministry of Industry and Information Technology, Ministry of Public Security, and National Radio and Television Administration issued the Measures for the Identification of AI-Generated Synthetic Content (《人工智能生成合成內容標識辦法》), which took effect on 1 September 2025, specifying compliance requirements for online information service providers to label AI-generated synthetic content. Providers shall add explicit and implicit labels to AI-generated texts, images, audio, video, and virtual scenes that may cause public confusion or misrecognition. Providers of online content dissemination services shall verify AI-generated content and ensure appropriate labelling. If some content lacks AI labels in metadata but the provider detects signs of AI generation, the provider shall add labels accordingly.

Regulations relating to Leasing

Pursuant to the Law on Administration of Urban Real Estate of the People's Republic of China, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

According to the Civil Code of the People's Republic of China Contract Section, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, the validity of the property sale contract entered into between the lessor and a third party is not affected. If a mortgagor leases the mortgaged property before the mortgaged property has been leased, the previously established leasehold interest will not be affected by the subsequent mortgage; and where a mortgagor leases the mortgaged property after the creation and registration of the mortgage interest, the leasehold interest will be subordinated to the registered mortgage.

Pursuant to the Civil Code of the People's Republic of China Contract Real Right Section, if a mortgagor leases the mortgaged property before the mortgaged property has been leased, the previously established leasehold interest will not be affected by the subsequent mortgage; and where a mortgagor leases the mortgaged property after the creation and registration of the mortgage interest, the leasehold interest will be subordinated to the registered mortgage.

Regulations on Intellectual Property Rights

Patent

Patents in the PRC are principally protected under the Patent Law of the People's Republic of China. The duration of a patent right is either 10 years, 15 years or 20 years from the date of application, depending on the type of patent right.

Copyright

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of the People's Republic of China and related rules and regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years. In addition, the Regulations on the Protection of Rights to Information Network Communication promulgated by the State Council on 18 May 2006 (as amended in 2013), provides specific rules on fair use, statutory licence, and a safe harbour for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and internet service providers.

Trademark

Registered trademarks are protected under the Trademark Law of the People's Republic of China and related rules and regulations. Trademarks are registered with the Trademark Office of National Intellectual Property Administration under SAMR. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of such trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by MIIT. MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, under supervision of which the China Internet Network Information Centre is responsible for the daily administration of.cn domain names and Chinese domain names. In November 2017, MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services, which became effective on 1 January 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law.

Regulations Relating to Foreign Exchange and Dividend Distribution

Foreign Exchange Regulation

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, may be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities or banks is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency denominated loans or foreign currency is to be remitted into China under the capital account, such as a capital increase or foreign currency loans to our PRC subsidiaries.

Since SAFE Circular 142 has been in place for more than five years, SAFE decided to further reform the foreign exchange administration system in order to satisfy and facilitate the business and capital operations of FIEs, and issued the Circular on the Relevant Issues Concerning the Launch of Reforming Trial of the Administration Model of the Settlement of Foreign Currency Capital of Foreign-Invested

Enterprises in Certain Areas, or SAFE Circular 36, on 4 August 2014. This circular suspends the application of SAFE Circular 142 in certain areas and allows a foreign-invested enterprise registered in such areas with a business scope covering "investment" to use the RMB capital converted from foreign currency registered capital for equity investments within the PRC. On 9 April 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises, or SAFE Circular 19, which came into force and superseded SAFE Circular 142 and SAFE Circular 36 from 1 June 2015. SAFE Circular 19 has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises, and some foreign exchange restrictions under SAFE Circular 142 are lifted. Under SAFE Circular 19, the settlement of foreign exchange by FIEs shall be governed by the policy of foreign exchange settlement at will. In June 2016, SAFE promulgated the Notice on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement, or SAFE Circular 16, which removed certain restrictions previously provided under several SAFE circulars in respect of conversion by an FIE of foreign currency registered capital into RMB and use of such RMB capital. However, SAFE Circular 19 and SAFE Circular 16 also reiterate that the settlement of foreign exchange shall only be used for purposes within the business scope of the FIEs. In October 2019, SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or SAFE Circular 28, pursuant to which foreign-invested enterprises whose approved business scope does not include equity investments are allowed to use their capital funds obtained from foreign exchange settlement to make domestic equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws.

In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or SAFE Circular 59, which was further amended in May 2015. Pursuant to this circular, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013, which was further revised in 2015, 2018 and 2019, which specify that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

Regulations on Employment

The Labour Contract Law of the People's Republic of China and its implementation rules provide requirements concerning employment contracts between an employer and its employees. Pursuant to the Labour Contract Law, a written labour contract is required when an employment relationship is established between an employer and an employee. An employer is obligated to sign a labour contract with an employee with an indefinite term if the employer continues to employ the employee after two consecutive fixed-term labour contracts. The Labour Contract Law and its implementation rules also require compensation to be paid upon certain terminations. Other labour-related regulations and rules of the PRC stipulate the maximum number of working hours per day and per week as well as the minimum wages. An employer is required to set up occupational safety and sanitation systems, implement the national occupational safety and sanitation rules and standards, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

On 28 December 2012, the Labour Contract Law was amended to impose more stringent requirements on labour dispatch which became effective on 1 July 2013. Pursuant to the amended PRC Labour Contract Law, the dispatched contract workers shall be entitled to equal pay for equal work as a fulltime employee of an employer, and they shall only be engaged to perform temporary, ancillary or substitute works, and an employer shall strictly control the number of dispatched contract workers so that they do not exceed certain percentage of total number of employees.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located.

According to the Social Insurance Law of the People's Republic of China, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and be subject to a late fee. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. Pursuant to the Interpretation II of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), promulgated on 31 July 2025 and effective since 1 September 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38(3) of the Labor Contract Law of the People's Republic of China, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law.

According to the Regulations on Management of Housing Fund, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.