
REGULATORY OVERVIEW

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

Laws and regulations relating to environmental protection, fire prevention and energy conservation review

Environmental protection

According to the Ecological Environment Code of the PRC (《中華人民共和國生態環境法典》), which was deliberated and adopted by the National People's Congress on 12 March 2026 and came into effect on 15 August 2026, enterprises, public institutions and other production and business operators shall take effective measures to prevent and reduce environmental pollution and ecological damage, use resources in an economical and intensive manner, control greenhouse gas emissions, fulfil their obligations for green and low-carbon development, and bear legal liability for any resulting damage in accordance with law. The State shall establish and improve a supervision and administration system for stationary pollution sources centred on the pollutant discharge permit system, with the specific measures to be formulated by the State Council.

Enterprises, public institutions and other production and business operators subject to pollutant discharge permit administration shall obtain pollutant discharge permits in accordance with applicable laws and regulations, and shall not discharge pollutants without such permits. Such enterprises, public institutions and other production and business operators shall comply with the requirements set out in their pollutant discharge permits, operate and maintain pollution prevention and control facilities in accordance with applicable requirements, establish ecological-environmental management systems, and strictly control pollutant discharges.

Enterprises, public institutions and other production and business operators shall monitor industrial waste gas and toxic and hazardous air pollutants discharged by them in accordance with national requirements and retain original monitoring records. Enterprises discharging industrial wastewater shall take effective measures to collect and treat all wastewater generated, so as to prevent environmental pollution. Industrial wastewater containing toxic and hazardous water pollutants shall be collected and treated separately by category to prevent seepage and loss, and shall not be discharged through dilution.

Units and individuals that generate, collect, store, transport, utilise or dispose of solid waste shall take effective measures to prevent or reduce solid-waste pollution and bear legal liability for pollution caused thereby in accordance with law. The sweeping, collection, transportation and treatment of urban and rural domestic waste shall comply with national requirements relating to ecological-environmental protection and environmental sanitation administration, so as to prevent environmental pollution. Hazardous waste sorted from and centrally collected from domestic waste shall be managed as hazardous waste if it falls within the definition of hazardous waste.

According to the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), amended by the State Council on July 16, 2017, and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), promulgated by the former Ministry of Environmental Protection on November 20, 2017, and came into effect on the same day, the PRC government implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the Competent Administrative Department of Environmental Protection under the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection.

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According to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated on January 24, 2021, and the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated on April 1, 2024, the PRC government implements classified pollutant discharge permit management (i.e., key and simplified management) on pollutant discharges of enterprises based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact the pollutants have on the environment. Enterprises, institutions and other production and operation units that are included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a Pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

According to the Regulation on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》), which was promulgated on October 2, 2013, and came into effect on January 1, 2014, the Competent Urban Drainage Department shall sign a maintenance and operation contract with the Maintenance and Operation Unit of urban sewage treatment facilities, specifying the rights and obligations of both parties. The Maintenance and Operation Unit of urban sewage treatment facilities shall ensure that the effluent quality meets the discharge standards stipulated by the state and local authorities, and shall not discharge sub-standard sewage. The Maintenance and Operation Unit of urban sewage treatment facilities or the sludge treatment and disposal unit shall safely treat, and dispose of sludge, ensure that the sludge after treatment and its disposal meets the relevant national standards, track and record the sludge generated, as well as the destination, use and dosage of the sludge after treatment and disposal, and report to the Competent Urban Drainage Department and the Competent Environmental Protection Department. No unit or individual shall arbitrarily dump, stack, discard or scatter sludge. The Maintenance and Operation Unit of urban drainage and sewage treatment facilities shall establish and improve safety production management systems, strengthen daily inspections, repair and maintain urban drainage and sewage treatment facilities, such as manhole covers, and ensure the safe operation of the facilities.

Fire prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), last amended by the SCNPC on April 29, 2021, and took effect on the same day, the Emergency Management Department under the State Council and the Emergency Management Departments under the local people's governments at or above the county level shall supervise and manage fire protection work. Fire prevention designs and constructions must comply with the national technical standards for fire protection in construction projects.

According to the Interim Provisions on the Administration of Fire Protection Design Review and the Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) last amended by the Ministry of Housing and Urban-Rural Development of the PRC on August 21, 2023, and came into effect on October 30, 2023, the review and acceptance of fire prevention designs should be carried out for special construction projects. With respect to construction projects other than the special construction projects, the review and acceptance of fire prevention designs of such construction projects shall be filed with the respective competent authorities.

Energy conservation review

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was last amended by the SCNPC on October 26, 2018, and came into effect on the same day, the PRC government shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence its construction; where the construction is completed, the project shall not be put into production or use. For government investment projects which do not meet the compulsory energy conservation standards, the agency in charge of examination and approval pursuant to the law shall not grant approval for construction. Detailed measures shall be formulated by the department regulating energy conservation under the State Council, and jointly with other relevant State Council departments.

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Circular Economy Promotion

According to the Circular Economy Promotion Law of the PRC (《中華人民共和國循環經濟促進法》) promulgated by SCNPC on 29 August 2008, last amended on 26 October 2018 and became effective on the same day, the term “circular economy” as mentioned hereof is a generic term for the reducing, reusing and recycling activities conducted in the process of production, circulation and consumption. Enterprises shall take measures to reduce the consumption of resources and the discharge of wastes and improve the reutilisation and recycling level of wastes. In accordance with the relevant state provisions, enterprises shall make comprehensive utilisation of the tailings, mullock, waste materials and other industrial wastes generated in the production process. Enterprises using or producing the technologies, techniques or products listed in the catalogue of clean production, the catalogue of comprehensive utilisation of resources or any other encouraged catalogue shall enjoy tax preferences in accordance with the relevant state provisions.

Laws and regulations relating to work safety

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) or the Production Safety Law, which was last amended by the SCNPC on June 10, 2021, and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, and the strengthening of production safety management. Entities shall establish and improve a production safety responsibility system and the production safety rules, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. Violation of the Production Safety Law may result in the imposition of fines and penalties, suspension of operation, an order issued to cease operation (depending on the circumstances of the violation), and criminal liability, which will be pursued if the violation constitutes a crime.

Regulations relating to the treatment of municipal domestic waste and power generation

Treatment of municipal domestic waste

According to the Administrative Measures for Municipal Domestic Waste (《城市生活垃圾管理辦法》), which was last amended on May 4, 2015, the construction of facilities for the collection and disposal of municipal domestic waste shall comply with the Municipal Domestic Waste Treatment Plan and other relevant national technical standards. Municipal domestic waste should be disposed of at municipal domestic waste transfer stations and treatment plants (sites). No unit or individual shall dispose of municipal domestic waste at will. Enterprises engaged in the commercial cleaning, collection, and transportation of municipal domestic waste shall obtain a license for such actions. The construction (environmental sanitation) authorities of directly-administered municipalities, cities, and counties shall make decisions on licensing for the commercial cleaning, collection, and transportation of municipal domestic waste through fair competition methods such as bidding, and shall issue licenses for commercial cleaning, collection, and transportation services of municipal domestic waste to the winning bidders.

According to the Administrative Measures for Franchise Operations of Infrastructure and Public Utilities (《基礎設施和公用事業特許經營管理辦法》), which was last amended on March 28, 2024 and came into effect on May 1, 2024, franchise operators are granted the exclusive right to invest in, construct, operate, and obtain returns from specific infrastructures and public utility projects of the agreement (within the agreed-upon period). Meanwhile, franchise operators shall provide public goods or services that meet the quality and efficiency requirements as stipulated in the agreement, and shall be subject to supervision and management in accordance with the law. Local governments at all levels should standardize the promotion of franchise projects within the scope of their respective government responsibilities, and authorize relevant industry authorities, public institutions, etc. in accordance with laws and regulations, to serve as the implementing agencies for franchise projects of infrastructure, and public utilities. These agencies are responsible for the preparation, implementation, and supervision of franchise projects, with the content and scope of their authorization clearly defined. Franchise operators shall provide public goods or services universally, without discrimination to all users within the service areas specified in the franchise agreement, and shall not impose differential treatment on new users.

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According to the Administrative Measures on the Franchise of Municipal Public Utilities (《市政公用事業特許經營管理辦法》), which was last amended on May 4, 2015, and came into effect on the same day, the implementation of franchise operations for municipal public utilities shall adhere to the principles of openness, fairness, impartiality, and their priority should be given to public interests. Those who participate in the bidding for franchise rights shall meet the following conditions: (1) being a legally registered enterprise or a legal person; (2) having corresponding facilities and equipments; (3) having a good bank credit standing, financial status and corresponding debt – paying ability; (4) having corresponding work experience(s) and a good performance; (5) having a corresponding number of personnel in key positions in fields such as technical, financial and operational; (6) having a practical and feasible business plan; (7) other conditions specified in local laws and regulations. The terms of franchise operation shall be determined according to factors such as industry characteristics, scale, and operation mode, with the maximum duration not exceeding 30 years. If an enterprise that has obtained or is obtaining the franchise right needs to change its name, address, or legal representative, it shall inform the competent department in writing in advance, to obtain its consent. Where the competent department or the enterprise with the franchise right violates the agreement, the party at fault shall bear the liability for the breach of contract; if losses are caused to the other party, it shall bear the liability for compensation.

According to the Guiding Opinions of the State Council on Innovating the Investment and Financing Mechanisms in Key Areas and Encouraging Social Investment (《國務院關於創新重點領域投融資機制鼓勵社會投資的指導意見》) promulgated and implemented by the State Council on November 16, 2014, the PRC government encourages social capital's participation in the municipal infrastructure projects including urban water supply, waste water treatment and garbage disposal by concession, investment subsidy, government's purchase of services and other methods and shall choose eligible operators in accordance with the law. The PPP mode mainly applies to the public services and infrastructure projects for which the government assumes the responsibility of provision and which are also suitable for market operation. The PPP mode may be adopted for gas, power supply, water supply, heating, sewage and waste disposal and other municipal facilities, highways, railways, airports, urban rail transit and other transportation facilities, health care, tourism, education and training, health, pension and other public service projects, as well as water conservancy, resources and environment, and ecological protection projects. The projects with clear basis for charges and operating charges capable of completely covering the investment costs may be promoted by Build-Operate-Transfer ("BOT"), Build-Own-Operate-Transfer ("BOOT"), and other modes, through the government's grant of franchise rights. The construction and operation market of relevant projects shall be opened according to the law, to actively promote the gradual implementation of franchising in the natural monopoly industries.

Power generation

According to the Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) which was last amended on December 26, 2009, and came into effect on April 1, 2010, the PRC government encourages and supports the grid-connected power generation of renewable energy. For the construction of renewable energy grid-connected power generation projects, administrative permission shall be obtained to ensure grid safety or filing shall be submitted in accordance with the laws and the regulations of the State Council. Power generation enterprises shall be obliged to cooperate with power grid enterprises. Power generation enterprises shall truthfully and completely record and preserve relevant materials on renewable energy power generation, and to accept the inspection and supervision by power regulatory authorities.

According to the Administrative Measures for Electric Power Business Licenses (《電力業務許可證管理規定》), which was last amended on January 4, 2024 and came into effect on March 1, 2024, any entity or individual engaged in electric power business operations must obtain an electric power business license. Unless under special circumstances specified by the Electricity Regulatory Commission of the PRC government, no entity or individual may engage in any electric power businesses without such a license. Electric power regulatory authorities shall establish and improve a supervision and inspection system for electric power business licensing to oversee whether licensees operate in compliance with the conditions, scope, and obligations stipulated in their electric power business licenses. Regulatory agencies shall conduct inspections in accordance with the law, and licensees shall cooperate with such inspections. If any entity or individual engages in electric power businesses without obtaining a license in accordance with the law, they shall be

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subjected to corrective actions, confiscate illegal gains, and a fine of up to five times the illegal proceeds by relevant authorities. If the violation constitutes a crime, criminal liability shall be pursued in accordance with the law.

According to the Trial Measures for the Administration of Renewable Energy Power Generation Pricing and Cost Allocation (《可再生能源發電價格和費用分攤管理試行辦法》) which was promulgated on January 4, 2006, and came into effect on the same day, the pricing of renewable energy power generation shall be implemented in two forms: government-set prices and government-guided prices. The government-guided prices refer to the winning prices determined through bidding. Renewable energy power generation enterprises and power grid enterprises must truthfully and completely record and preserve relevant materials such as the quantity, price, and amount of renewable energy power generation traded on the grid. They shall accept inspections and supervision by the competent price departments, power regulatory authorities, and auditing departments.

Laws and regulations relating to overseas investment

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) which was promulgated on March 15, 2019, and came into effect on January 1, 2020, foreign investors and foreign-invested enterprises engaging in investment activities within the territory of China shall abide by Chinese laws and regulations, and must neither endanger China's national security nor harm public interests. Foreign investors shall not invest in fields as specified in the negative list for foreign investment access where investment is prohibited. For fields as specified in the negative list for foreign investment access where investment is restricted, foreign investors shall meet the conditions stipulated in the negative list when making investments. Where foreign investment requires approval or filing of investment projects, such procedures shall be carried out in accordance with relevant national regulations.

According to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by verification and approval. Outbound investment that falls under any other circumstances shall be subject to administration by record-filing.

According to the Administrative Measures for Outbound Investment by Enterprises (企業境外投資管理辦法) promulgated by the NDRC on December 26, 2017 and effective from March 1, 2018, domestic enterprises (the "Investors") in the PRC making an outbound investment shall go through verification, approval, or record-filing or other procedures applicable to outbound investment projects (the "Projects"). They shall also report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by the Investors directly or through overseas enterprises controlled by them shall be subject to the management of verification and approval; non-sensitive Projects directly carried out by the Investors, namely, those involving the Investors' direct contribution of assets, rights and interests, or provision of financing or security, shall be subject to the management of record-filing. The aforementioned sensitive Project refers to a project involving sensitive countries, regions, or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (境外投資敏感行業目錄(2018年版)), which came into effect from March 1, 2018, to list the sensitive industries for foreign investment in detail.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of 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 SAFE on February 13, 2015, which came into effect from June 1, 2015, and was last amended on December 30, 2019, the approval of foreign exchange registration for direct investment is canceled. As of currently, banks directly review and handle the foreign exchange registration for overseas direct investments with the SAFE and its branches indirectly supervising the registration of foreign exchange for overseas direct investment through banks.

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Laws and regulations relating to land use rights, construction land planning permit and construction work planning permit

Land use rights

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986, last amended on August 26, 2019, and brought into effect from January 1, 2020, lands owned by the PRC government might be transferred or allotted to construction entities or individuals in accordance with the law. According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated on November 24, 2014, last amended on March 10, 2024, and brought into effect on May 1, 2024, the real estate registration shall be conducted by the real estate registration authorities of the people's government at or above the county level.

According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020, and implemented on January 1, 2021, the creation, alteration, alienation, or extinguishment of a real right of the immovable property that is required by law to be registered, becomes effective at the time when it is recorded in the registration of immovable property. The real right certificate for immovable property is the proof of a right holder's entitlement to the real right in the immovable property.

The Interim Regulations on Real Estate Registration and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated on January 1, 2016, last amended on May 9, 2024, and brought into effect on May 21, 2024, provide that, among others, the PRC government implements a uniform real estate registration system, and the registration of real estate shall be strictly administered and carried out in a stable and continuous manner that provides convenience for people.

Construction land planning permit

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007, implemented on January 1, 2008 and amended on April 24, 2015, and April 23, 2019, respectively, a construction land planning permit is required for the right to use the state-owned land acquired by transfer and allocation.

If a construction entity which is authorized to use the land fails to obtain a construction land use planning permit, the people's government at or above the county level shall revoke any relevant approval document(s). If the land has already been occupied, it shall be returned promptly. Furthermore, the construction entity shall be obliged to compensate for any damage caused to any other relevant parties according to laws.

Construction work planning permit

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》), to build any building, structure, road, pipeline, or other engineering project within a city or town planning area, the relevant construction entity or individual shall apply for a construction work planning permit. The permit can be obtained from a competent urban and rural planning administrative department of the people's government at the municipal or county level or from the people's government of town as recognized by the people's government of a province, autonomous region, or municipality and is directly under the PRC government.

For construction work that proceeds without the construction work planning permit or is in violation of the provisions of the construction work planning permit, a competent urban and rural planning administrative department at or above the county level can order termination; if the impact on the planning caused by such construction can be eliminated, the department shall order the construction entity to take remedial action within a prescribed time limit and pay a fine of no less than 5% but not exceeding 10% of the construction cost; if such impact cannot be eliminated by remedial action, the department shall order the construction entity to demolish its construction within a prescribed time limit. For construction work that cannot be demolished, the department shall confiscate it or seize any illegal income. They may also be liable to a fine of no more than 10% of the construction cost.

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Laws and regulations relating to labor contract, social insurance and housing provident fund

Labor law and labor contracts

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994, and amended on August 27, 2009, and December 29, 2018, enterprises shall establish and improve their system of work place safety and sanitation, strictly comply with state rules and standards on workplace safety, and provide employees with training on labor safety and sanitation. Labor safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with relevant laws and regulations of labor protection.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007, and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on 18 September, 2008, set out specific provisions in relation to the execution, the terms, and the termination of a labor contract, and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary, and other matters upon the employee's request.

The Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labour 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)》 while came into effect on September 1, 2025, stipulates that any agreement between an employer and an employee, or any promise made by the employee to the employer, stating that social insurance contributions are not required, shall be deemed invalid by the People's Court. If the employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract pursuant to Article 38(3) of the Labor Contract Law and seeks economic compensation from the employer, the People's Court shall support such a claim in accordance with the law.

According to the provisions of Interpretation (II) and based on the opinion of our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, (i) our Group has not entered into any arrangement with employees, whether through unilateral undertakings or mutual agreements, to opt out of participating in social insurance; and (ii) there have been no instances where employees have voluntarily terminated their labor contracts with our Group due to our Group's failure to pay social insurance contributions. Therefore, Interpretation (II) does not repeal the currently effective PRC social insurance laws and regulations, does not increase the risk of penalties that our Group may face, and does not have any material adverse impact on our operations or financial condition.

Social insurance and housing 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》), last amended by the SCNPC and came into effect as of December 29, 2018, and the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》), last amended by the State Council and came into effect as of March 24, 2019, as well as other relevant laws and regulations, employers in PRC are obligated to provide employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing provident fund.

In addition, any employer that fails to make contributions to the aforementioned social insurance and housing provident fund as required may be ordered to pay the outstanding contributions within a prescribed time limit. If the employer fails to comply within the specified period, a fine may be imposed. For overdue contributions, the people's court may enforce collection.

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Laws and regulations relating to intellectual property rights

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, most recently amended on October 17, 2020 and came into effect on June 1, 2021, and its implementation rules (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on June 15, 2001, and most recently amended by the State Council on December 11, 2023, and came into effect on January 20, 2024, provide for three types of patents: “invention”, “utility model” and “design”. “Invention” refers to any new technical solution in relation to a product, a process, or improvement thereof; “utility model” refers to any new technical solution relating to the shape, structure, or their combination of a product, which is suitable for practical use; “design” refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern, or its combination of products, as well as the combination of color, shape and pattern. The validity period of patent, from the date of application, for an “invention” is 20 years, while the validity period of patent for a “utility model” is 10 years, and that of a “design” is 15 years.

Trademark

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated on August 23, 1982, and most recently amended on April 23, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) last amended by the State Council on April 29, 2014, and came into effect on May 1, 2014. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered, given preliminary examination, or approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for 10 years, and may be renewed for consecutive 10-year periods upon request by the trademark owner, unless otherwise revoked.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》), last amended by the SCNPC on November 11, 2020, and came into effect as of June 1, 2021, original works of Chinese citizens, legal persons, or unincorporated organizations-defined as intellectual achievements in the fields of literature, art, and science that and can be expressed in a certain form, whether published or not-are entitled to copyright protection in accordance with the law. Copyright encompasses a series of personal and property rights, including but not limited to the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work, and the right of reproduction.

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

Domain Name

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), promulgated by the Ministry of Industry and Information Technology (the “MIIT”) on August 24, 2017, and effective on November 1, 2017, the MIIT supervises and administers domain services nationwide. For the domain name registration service follows the principle of “first come, first serve”. Applicants of domain name registration shall provide the domain name registration authority with true, accurate, and complete information about the identity of the domain name holder for registration purpose, and shall sign a registration agreement with it. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/her/it.

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Laws and regulations relating to tax

Enterprise income tax

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), promulgated by the NPC on March 16, 2007, most recently amended on December 29, 2018, and was in effect on the same date, and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, most recently amended on December 6, 2024, and came into effect on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in the PRC in accordance with the law, or which are set up in accordance with the law of a foreign country (region) whose actual administration institution is in the PRC. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in the PRC, but have institutions or establishments in the PRC, or have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced to 20% for qualifying small low profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% preferential tax rate for the Enterprise Income Tax.

Value-added tax

According to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which was adopted by the Standing Committee of the National People's Congress and came into effect on January 1, 2026, any entity or individual (including individual industrial and commercial households) that sells goods, provides services, transfers intangible assets or immovable property within the territory of the PRC, or imports goods into the PRC, shall be a taxpayer of value-added tax and shall pay value-added tax in accordance with the provisions thereof.

According to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》), promulgated by the MOF and the SAT on April 4, 2018, and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》), promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019, and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Laws and Regulations Relating to Foreign Exchange

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Regulations**"), which was promulgated by the State Council on January 29, 1996, and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such an approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that the PRC will not impose any restriction on international current payments and transfers.

According to the provisions of the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued on December 26, 2014, where a joint stock limited company incorporated in the PRC issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank to handle the exchange, remittance, and transfer of funds for the business concerned. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

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In the meantime, where a domestic shareholder of a domestic company intends to decrease his/her overseas listed shares in accordance with relevant regulations following the overseas listing of the domestic company, such domestic shareholder shall register with the SAFE branch in the place of domicile within 20 working days after the decrease of shares to obtain the business registration certificate; where a domestic shareholder of the domestic company intends to increase his/her overseas listed shares in accordance with relevant regulations, the shareholder shall, after obtaining the approval, filing, or no-objection letter from the relevant regulatory authorities regarding the increase in shareholdings (except where such documents are not required under applicable regulations), register with the SAFE branch in their place of domicile within 20 working days before the increase of shares to obtain the business registration certificate.

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

Laws and regulations relating to overseas securities offering and listings

Overseas securities offering and listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) together with 5 supporting guidelines (and with the Trial Measures, collectively referred to as the “**New Regulations on Filing**”), which was implemented on March 31, 2023. Under the New Regulations on Filing, an enterprise within the PRC that directly or indirectly issues securities overseas or lists and deals in its securities overseas shall comply with the laws, administrative regulations, and relevant national rules on foreign investment, state-owned assets management, industrial supervision, overseas investment, cyber security, and data security etc. They shall not disturb the domestic market order or do harm to national interests, social public interests, and the legitimate rights and interests of domestic investors.

An issuer seeking an overseas initial public offering or listing shall, within 3 working days after submitting the issuance and listing application documents overseas, file a registration with the CSRC and submit the filing report, legal opinions, and other relevant documents, ensuring a true, accurate, and complete description of shareholder information. Once the filing documents are completed and complies with the stipulated requirements, the CSRC will, within 20 working days of receiving such documents, conclude the review procedure and publish the filing results on its official website. If the filing documents are incomplete or do not conform to the stipulated requirements, the CSRC will, within 5 working days of receiving the filing documents, request supplementary materials. The issuer shall provide the additional documents within 30 working days. During the review of the filing documents, the issuer may encounter circumstances that are prohibited under the regulations governing overseas offerings and listings. In such cases, the CSRC may seek opinions from the relevant competent authorities of the State Council.

Confidentiality and archives administration

On February 24, 2023, the CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which was implemented on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides, publicly discloses any document, or material that involves state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities, and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working

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papers formed within the territory of the PRC by the securities companies, securities service agencies that provide corresponding services for the overseas issuance, and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the PRC government.

OVERVIEW OF THE LAWS AND REGULATIONS IN KYRGYZSTAN

The following is an overview of the major laws and regulations of Kyrgyzstan that are relevant to our Group’s business.

Corporate

Business entities and companies in Kyrgyzstan are regulated by a framework of legislations, including the Constitution of Kyrgyzstan, the Civil Code of Kyrgyzstan, and the primary law “On Business Entities and Companies” (the “**Kyrgyz Company Law**”). The Kyrgyz Company Law specifically addresses the organizational and legal forms of companies, the rights, and obligations of participants, and the requirements for constitutional documents and authorized capital. It also governs matters relating to property, profit distribution, liquidation, the establishment of managing organizations, and other relevant aspects.

Participants of limited liability companies are not liable for company obligations beyond their contributions to the companies’ charter capital. The total number of participants in a limited liability company is restricted to 30, and there is no minimum charter capital requirement (although in practice it is KGS 1,000 or approximately USD11.4).

A company acquires its legal status upon a state registration within the Ministry of Justice of Kyrgyzstan. Any changes to its corporate structure and shareholders’ composition (at the level of the Kyrgyz subsidiaries), charter capital, and other matters may necessitate registration or notice of such changes with the Ministry of Justice. The failure to register or notify of any required changes invalidates such changes and will not allow a company to properly cooperate with any other third parties (e.g., commercial banks).

Investment Protection and Promotion

Kyrgyzstan has implemented investment protection and promotion laws that aim to create a favorable investment climate and to stimulate both domestic and foreign investments. Key elements of the legal framework in this area include:

- *Investment Law:* The Law of Kyrgyzstan “On Investments in the Kyrgyz Republic” (the “**Investment Law**”), which became effective in 2025, establishes the main principles of the state investment policy, ensuring fair and equal legal treatment for domestic and foreign investors and providing guarantees for investment protection. The Investment Law provides a set of statutory protections to safeguard both foreign and domestic investors (that includes the Company and its Kyrgyz subsidiaries). These guarantees include:
 - Equal treatment/non-discrimination – foreign investors enjoy the same rights as local investors.
 - Protection against unlawful interference – state bodies and officials cannot arbitrarily restrict or hinder investment activity.
 - Guarantee against expropriation – investments cannot be nationalized or requisitioned except in limited public interest cases, with prior due process and full compensation (including lost profits).
 - Free transfer of funds – investors can repatriate profits, dividends, capital, and other returns abroad freely in foreign currency.
 - Stabilization mechanisms – large investors may conclude stabilization agreements to “lock in” favorable tax and regulatory conditions for up to 10 years.

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- Dispute resolution – investors have recourse to local courts and may, in certain cases, agree to arbitration.
- Free access to public information – investors have a right to access information pertaining to the legal acts of the Kyrgyz Republic, judicial acts and other documents which may affect investors’ rights and which shall be available in public domain in accordance with the laws of the Kyrgyz Republic.
- Freedom of movement – foreign investors, their representatives, and foreign workers engaged in investment activities shall have the right to move freely within the territory of the Kyrgyz Republic, subject to restrictions established by the legislation of the Kyrgyz Republic for the purposes of ensuring national security and the safety of citizens.
- *National Investment Agency*: The National Investment Agency under the President of Kyrgyzstan (the “**National Investment Agency**”) promotes foreign and local investments by offering support and services to investors.
- *Dispute and complaint resolution*: The Investment Law contains provisions for settling disputes between foreign investors and the Kyrgyzstan government through international arbitration. In addition, the Procedure for the Consideration of Investor Complaints and Their Support, which entered into force in 2022, provides a mechanism for assisting and supporting investors in resolving disputes which may arise from their interaction with state bodies and local self-government bodies as well as working to prevent the risk of international legal claims against Kyrgyzstan under investment agreements. In accordance with this procedure, the National Investment Agency is the authorised body for considering investor complaints. Since the adoption of the Procedure, the National Investment Agency has received 21 different complaints from both foreign and domestic investors as well as entrepreneurs. All complaints received have been included in the register of complaints in accordance with the procedure.
- *Bilateral investment treaties (BITs)*: Kyrgyzstan has signed BITs with over 20 countries, including the United States, United Kingdom, Germany, Switzerland, China, and Russia. These treaties offer protection and encouragement for capital investments and are integral part of the Kyrgyz legal framework. While the content of BITs is rather declarative in nature and they are not directly referred to in Kyrgyz laws, they form a groundwork for the Investment Law, and general provisions of BITs are incorporated in the Investment Law. In addition to that, foreign investors may benefit from their home jurisdiction having a BIT with Kyrgyzstan as it provides them with legal certainty, treaty protection mechanisms, and legal remedies enforceable in accordance with the terms of BITs.
- *Tax incentives*: The Cabinet of Ministers of Kyrgyzstan offers tax incentives for investments in priority sectors, such as agriculture, manufacturing, tourism, and information technology. In addition to that, the Cabinet of Ministers of Kyrgyzstan may offer specific tax incentives for the duration of specific agreements (such as the investment agreement dated March 29 2024 (the “**Investment Agreement**”) signed between the Cabinet of Ministers of the Kyrgyz Republic represented by the Mayor of Bishkek city, and Junxin (Kyrgyzstan) represented by its general director Mr. Dai), and such tax incentives will be recognized as valid and binding based on the provisions of the Tax Code of the Kyrgyz Republic.

Kyrgyzstan guarantees foreign investors, including our Kyrgyz subsidiaries, the same protections and treatment as domestic nationals and companies.

Currency exchange

Under Kyrgyz laws, investors are generally entitled to the right to freely convert national currency into foreign currencies for investment purposes. Under the Law of Kyrgyzstan “On Investments in the Kyrgyz Republic” and the Constitutional Law “On the National Bank of the Kyrgyz Republic”, there are no restrictions on currency conversion or on capital transfers into and out of the country for investment-related purposes. The currency regime is generally liberal and allows for free convertibility and transfer.

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However, the National Bank of Kyrgyzstan retains the right to impose temporary restrictions (a moratorium) if required to meet the country's internal obligations. This risk is mitigated by the agreements entered into with the local authorities in Kyrgyzstan, which stipulates that the Government guarantees the free movement and exchange of our Kyrgyz subsidiaries' funds. The Investment Agreement dated March 29, 2024, as described above, mitigates the aforementioned risk of temporary restrictions which may be imposed by the National Bank of the Kyrgyz Republic. As advised by our legal advisers as to Kyrgyz laws, the Investment Agreement remains enforceable under Kyrgyz laws, as no statutory provision expressly overrides the contractual commitments of the Cabinet of Ministers of the Kyrgyz Republic under such investment arrangements. The National Bank of Kyrgyzstan's power to impose currency or capital-flow restrictions is a general regulatory measure of macroeconomic nature and does not invalidate specific contractual obligations of the Kyrgyz Republic, particularly those formalized under an Investment Agreement approved by the Cabinet of Ministers. There have been no precedents where the National Bank exercised its power to impose such restrictions.

Repatriation of funds

Foreign investors are granted a right to repatriate funds received as a result of investment activities. The Investment Law guarantees the right to freely transfer or repatriate funds into any convertible currency. Similar guarantees are provided in the Investment Agreement. The Investment Agreement was executed in accordance with applicable regulations of the Kyrgyz Republic and contains legal, valid and binding obligations of the Cabinet of Ministers of the Kyrgyz Republic, and will be effective for the duration of the Bishkek Project. The Investment Agreement may be terminated by either party in case of failure to perform or non-performance of obligations by other party, but no other specific conditions for termination (including unilateral) are provided therein.

There are no statutory limits on dividend repatriation, although dividends can only be distributed after the company's authorized capital is fully paid and cannot lead to insolvency. While repatriation is largely unrestricted, under specific circumstances, the state can suspend transfers such as insolvency, creditor rights violations, or criminal offenses involving the investor.

Licensing and Permit System

In Kyrgyzstan, licensing of certain types of activities, actions, and operations is carried out in order to prevent harm to life, human health, the environment, property, public, and state security, as well as to manage limited state resources. The primary legal acts that govern licensing and permit system in Kyrgyzstan are:

- Law of Kyrgyzstan "On Licensing and Permit System in the Kyrgyz Republic" dated 19 October 2013 No. 195 (the "**Licensing Law**"), and
- Regulation on Licensing of Certain Types of Activities approved by the Resolution of the Cabinet of Ministers of Kyrgyzstan dated 14 December 2023 No. 678 (the "**Licensing Regulation**").

Both legal acts establish and regulate licensed activities in Kyrgyzstan, and provide a list of licensed activities, including:

- power generation production, transmission, distribution, sale, export and import of electrical energy (excluding the production of electrical energy obtained from renewable energy sources, as well as the production of electrical energy from any energy sources for own use with a capacity of up to 1,000 kW and the sale of electrical energy from microgeneration facilities).

Depending on the nature of the licensed activities, various state and governmental authorities may be involved in the licensing process. For example, the competent authority issuing a license for power generation will be the Department for Regulation of the Fuel and Energy Complex under the Ministry of Energy of Kyrgyzstan, whereas the construction license is issued by the Ministry of Construction, Architecture and Housing, and Communal Services of Kyrgyzstan.

A license holder must comply with licensing requirements of both Licensing Law and Licensing Regulation. Should the license holder fail to comply with licensing requirements, the license may be suspended or revoked.

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In certain cases, licenses issued by authorized bodies of foreign states may be recognized in the territory of Kyrgyzstan through mutual recognition of licenses, automatic recognition of licenses on the basis of international agreements, and unilaterally. Licenses for certain types of activities issued by authorized bodies of foreign states shall be recognized as valid in the territory of Kyrgyzstan without additional licensing procedures and without the issuance of a national license by entering information about the licensor in the register (except in cases provided for by legislation in the banking sector). Similar to the general licensing process, however, a license holder must comply with licensing requirements of both Licensing Law and Licensing Regulation. Should the license holder fail to comply with licensing requirements, the license may be suspended or revoked.

Environmental and Social Matters

The primary legal framework governing environmental matters in Kyrgyzstan is the Law of Kyrgyzstan "On Protection of Environment" dated June 16, 1999, No. 53 (the "**Environmental Law**") and its associated licensing regulations. While Kyrgyzstan lacks specific legislation dedicated to social issues, relevant aspects are addressed in various laws, such as the Environmental Law, which guarantees every Kyrgyz citizen the right to a clean, safe, and healthy environment.

For the implementation of the Bishkek Project, it is necessary to obtain both a state environmental impact assessment report and a state environmental examination report. The term of the state environmental examination is determined by the complexity of the object of expertise but should not exceed three months from the date of receipt of the necessary materials in full. A negative outcome from the state environmental examination may necessitate remedial measures and a potential re-examination with revised and improved documentation.

Labour

The Labour Code of Kyrgyzstan is the primary legal framework governing employment, regulating employee-employer relationships, contracts, working conditions, remuneration, and other crucial aspects. It applies not only to Kyrgyz citizens but also to foreign nationals.

Foreign nationals can work in Kyrgyzstan if they obtain a single permit, which is subject to approval by the Migration Department of Kyrgyzstan. Their salaries and other income can be freely transferred after tax compliance, and employers are required to withhold social contributions. Foreign specialists do not need additional licenses or certifications but must provide relevant qualifications when applying for a permit. Labour laws apply equally to foreign nationals, granting them rights to fair remuneration, safe working conditions, rest, social security, and the ability to join unions.

Foreign workers must adhere to the same obligations as local employees. Regarding immigration, citizens of certain countries, such as members of the Eurasian Economic Union, do not need a single permit, while others do. There are also foreign labour quotas.

Legislation does not impose special requirements for hiring local employees. There are local hiring requirements for certain industries, such as mining, in accordance with current legislation. However, these requirements do not apply to the waste-to-energy project. Employment contracts must specify terms, including duration, job role, remuneration, and working conditions. A probationary period may be set but cannot exceed three months, except in specific cases. Employees are subject to compulsory social insurance, with both employees and employers contributing. Employers must also pay compensation in cases of dismissal or work-related injuries, with specific compensation rules depending on the circumstances. Workers are entitled to safe working conditions, with the employer responsible for ensuring compliance with safety regulations.

Under the current labour regime, most foreign nationals, in accordance with immigration regulations, are required to obtain a single permit (which includes a visa, a work permit, and a permit to hire a foreign employee), which is considered by the Department of External Migration (the 'Migration Department'), which is the main regulatory body in this area.

The single permit is a document provided electronically to foreign workers, it combined a labour visa, a permit to hire foreign labour, and a work permit, and is issued by an authorized state body in the field of foreign affairs. The permit is applied for through the 'Electronic Visa' portal, submitted by the inviting party (such as an applicant planning to employ foreign workers in Kyrgyzstan). The permit includes a personal number for the foreign worker. The application requires details such as the inviting party's name, TIN, type of activity, and the number of foreign workers needed, including their country of citizenship.

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For foreign workers to enter Kyrgyzstan for employment, a single permit is issued for up to 60 days, and is extendable for up to one year. Required documents for the single permit include a petition from the inviting party, proof of the need for foreign workers, employment contract, and copies of various legal and tax documents. For a single permit that is valid up to one-year, additional documents like a certified employment contract, medical reports, and registration details are needed.

Applications for extensions must be submitted 10 working days before the permit expires and will be processed within 7 working days. Rates for the single permit depend on the type and duration, with varying fees for foreign workers from different countries. Additionally, foreign nationals must register their residence at their actual place of residence in Kyrgyzstan.

Certain foreign workers, such as seconded employees or executives involved in grant and investment projects, may not require a work permit under specific circumstances.

Taxation

Junxin (Kyrgyzstan) and Junxin (Issyk-Kul) are subject to a general tax regime with obligation to pay:

- a. Corporate income tax (withholding tax to non-residents);
- b. VAT;
- c. Sales tax;
- d. Excise tax (if applicable);
- e. Property tax;
- f. Personal income tax (as a tax agent for its employees).

Apart from this, both Junxin (Kyrgyzstan) and Junxin (Issyk-Kul) may enjoy benefits from using double tax treaties and special exemptions on the basis of the agreements entered into with the local authorities in Kyrgyzstan. Kyrgyzstan has signed 36 double tax treaties with various countries, including China. Subject to the provisions of the Investment Agreement, Junxin (Kyrgyzstan) is exempted from:

- import customs duties on technological equipment, components and spare parts for it, raw materials and materials imported for the implementation of an investment project under the Investment Agreement, in accordance with international treaties that have entered into force in accordance with the legislation of the Kyrgyz Republic; and
- value added tax on technological equipment, components and spare parts for it, raw materials and materials imported for the implementation of an investment project under the Investment Agreement.

The above tax exemptions are valid and effective based on the provisions of the tax legislation that allows investment agreements to provide tax exemptions that prevail over statutory tax provisions.

In accordance with the Minutes of the Committee under the Cabinet of Ministers of the Kyrgyz Republic dated 9 February 2026 on selection of national investment project and state importance projects, the project for construction of the waste-to-energy plants in Issyk-Kul region of the Kyrgyz Republic implemented by Junxin (Issyk-Kul) has been selected as a national investment project. Pursuant to the Resolution of the Cabinet of Ministers of the Kyrgyz Republic dated 13 May 2026 No. 329-m, Junxin (Issyk-Kul) in charge of the corresponding national investment project has been exempted from value added tax on imports of process equipment, components and spare parts for such equipment, and raw materials and supplies imported for the purposes of the project, provided that it will complete the project construction within the established time period.

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In the event Junxin (Kyrgyzstan) and Junxin (Issyk-Kul) declare dividends, they will be able to do so in any foreign currency freely transferable out of Kyrgyzstan without the necessity of obtaining any governmental approvals or permits subject to the payment of withholding tax at the rate of 10%. In the light of the existing and effective Double Taxation Treaty between the Kyrgyz Republic and the People’s Republic of China dated June 24, 2002, both Junxin (Kyrgyzstan) and Junxin (Issyk-Kul) may pay the withholding tax in the Kyrgyz Republic without payment of the same in the People’s Republic of China.

IFRS is adopted in Kyrgyzstan as a unified methodological basis for accounting and preparation of financial statements.