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POLICIES RELATING TO LIVESTOCK AND POULTRY FARMING, FEED PRODUCTION AND FOOD PROCESSING INDUSTRIES

In recent years, China has put in place comprehensive laws and regulations for husbandry and related industries, which are mainly based on the Animal Husbandry Law of the PRC (《中華人民共和國畜牧法》), which was approved by the Standing Committee of the National People’s Congress (the “SCNPC”) on 29 December 2005 and implemented on 1 July 2006, and last amended on 30 October 2022 and implemented on 1 March 2023, the Animal Epidemic Prevention Law of the PRC (《中華人民共和國動物防疫法》) (the “**Animal Epidemic Prevention Law**”), which was approved by the SCNPC on 3 July 1997 and implemented on 1 January 1998, and last revised on 22 January 2021 and implemented on 1 May 2021, the Food Safety Law of the PRC (2021 Amendment) (《中華人民共和國食品安全法(2021修正)》) (the “**Food Safety Law (2021 Amendment)**”), which was approved by the SCNPC on 28 February 2009 and implemented on 1 June 2009, and last amended and implemented on 29 April 2021, the Agricultural Product Quality and Safety Law of the PRC (2022 Revision) (《中華人民共和國農產品質量安全法(2022修正)》) approved by the SCNPC on 29 April 2006 and implemented on 1 November 2006, and last amended on 2 September 2022 and implemented on 1 January 2023.

Establishment and Operation of Livestock and Poultry Farms

Record Filing of Livestock and Poultry Farms

According to the Animal Husbandry Law of the PRC, the entity establishing a livestock and poultry farm or farming cluster shall file the name, address of the farm and farming cluster, species of livestock and poultry as well as the scale of breeding with the animal husbandry and veterinary administrative department under the county-level government where the farm or farming cluster is located, and obtain labels and codes for the livestock and poultry. To establish a livestock and poultry farm or farming cluster an entity should meet the following conditions:

- (1) To have production premises and supporting facilities commensurate with its farming scale;
- (2) To have animal husbandry and veterinary technicians in its service;
- (3) To meet the conditions for epidemic prevention, as provided for by laws and administrative regulations and the provisions of the animal husbandry and veterinary administrative department of the State Council;
- (4) To have facilities such as firedamp pools for the comprehensive utilisation of livestock dung, waste water and other solid wastes, or other innocuous treatment facilities; and
- (5) To meet other conditions provided for by laws and administrative regulations.

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Production and Operation of Breeding Livestock and Poultry

According to the Animal Husbandry Law of the PRC, an entity or individual engaged in the production and operation of breeding livestock and poultry or in the production of young commercial livestock and poultry shall obtain a licence for the production and operation of breeding livestock and poultry (種畜禽生產經營許可證). To apply for the licence for production and operation of breeding livestock and poultry, an applicant shall meet the following conditions:

- (1) The breeding livestock and poultry for production and operation must be of the species and the supporting lines that have gone through the verification or identification by the National Commission for Livestock and Poultry Genetic Resources, or the species and supporting lines introduced from abroad upon approval;
- (2) To have animal husbandry and veterinary technicians commensurate with the scale of production and operation;
- (3) To have the breeding facilities and equipment commensurate with the scale of the production and operation;
- (4) To meet the conditions of epidemic prevention for the breeding livestock and poultry, as provided for by laws and administrative regulations and the provisions of the animal husbandry and veterinary administrative department of the State Council;
- (5) To have comprehensive systems for quality control and breeding record-keeping;
and
- (6) To meet other conditions as provided for by laws and administrative regulations.

No entity or individual is allowed to produce or operate breeding livestock or poultry without a license for production and operation of breeding livestock and poultry or in violation of the provisions relevant to such license. It is also prohibited to forge, alter, transfer or lease the license for production and operation of breeding livestock and poultry. Anyone, in violation of the abovementioned provisions, may be subject to administrative penalties, including fines, confiscation of illegal income, orders to cease illegal activities. For serious violations, the licence for production and operation of breeding livestock and poultry shall be revoked concurrently.

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Animal Epidemic Prevention

Animal Epidemic Prevention

According to the Animal Epidemic Prevention Law, to operate an animal farm, animal isolation site, animal slaughtering and processing place, as well as an innocuous treatment facility of animals and animal products shall apply to the competent agricultural and rural authorities of the local government at or above the county level for a certificate for animal epidemic prevention conditions (動物防疫條件合格證). Animal farming sites, animal isolation sites, animal slaughtering and processing place and innocuous treatment facilities of animals and animal products shall comply with the following provisions:

- (1) The facilities are located at a distance from public places, such as residential areas, sources of drinking water, schools and hospitals as prescribed by the competent department of agriculture and rural affairs of the State Council;
- (2) The enclosure and isolation of the production and operation area and the engineering design and relevant processes shall meet the requirements for animal epidemic prevention;
- (3) There shall be sewage and waste treatment facilities commensurate with their scale, the facilities and equipment for the innocuous treatment or refrigeration of animals dead of diseases and diseased animal products, and the facilities and equipment for cleaning and disinfection;
- (4) There shall be licensed veterinarians or technicians for animal epidemic prevention commensurate with the scale;
- (5) There should be comprehensive animal prevention systems including those relating to isolation and disinfection, purchase and sales records and routine inspection;
- (6) Other conditions for animal epidemic prevention as prescribed by the competent department of agriculture and rural affairs of the State Council shall be met.

In addition to meeting the conditions prescribed in the preceding provisions, an innocuous treatment facility of animals and animal products shall be pathogen detection equipment, detection capability, and special vehicles in compliance with the requirements for animal epidemic prevention.

Pursuant to the Measures for the Examination of Animal Epidemic Prevention Conditions (《動物防疫條件審查辦法(2022)》), which was issued by the MARA on 7 September 2022 and implemented on 1 December 2022, where an animal farm, animal isolation site, animal slaughtering and processing place, as well as an innocuous treatment facility of animals and animal products is to be established, a site selection request shall be submitted to the competent department of agriculture and rural affairs of the local county-level government. After a

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certificate for animal epidemic prevention conditions is obtained, in case of any address or business scope changes, a new certificate shall be applied, the original certificate for animal epidemic prevention conditions concurrently shall be returned. Any alteration of the layout, facilities, equipment or systems that may cause changes in the conditions for animal epidemic prevention shall be reported to the original certificate-issuing authority 30 days in advance. In case of any changes in the name of the entity or its legal representative (responsible person), such certificate for animal epidemic prevention conditions shall be applied for modifying within 15 days after the change. The certificate holder shall, by the end of March each year, report the status of animal epidemic prevention of the previous year and the implementation of the epidemic prevention systems to the competent agriculture and rural affairs departments of the local county-level government.

Failure to comply with the above provisions related to the certificate for animal epidemic prevention conditions may result in administrative penalties, including fines and orders to make corrections.

Prevention and Control of African Swine Fever

The prevention and control of African Swine Fever are mainly governed by the Animal Epidemic Prevention Law of the PRC, the Regulations on Handling Major Animal Epidemic Emergencies (《重大動物疫情應急條例》), which was issued by the State Council on 18 November 2005 and implemented on the same date, and last amended on 7 October 2017 and implemented on the same date, the Regulations on the Administration of Slaughtering of Pigs (《生豬屠宰管理條例》), which was issued by the State Council on 19 December 1997 and implemented on 1 January 1998, and last amended on 25 June 2021 and implemented on 1 August 2018, the National Plan for Handling Major Animal Epidemic Emergencies (《國家突發重大動物疫情應急預案》), which was issued by the State Council on 27 February 2006 and implemented on the same date, and Measures for Administration of Animal Quarantine (《動物檢疫管理辦法》) which was issued by the former Ministry of Agriculture on 24 May 2002 and implemented on 1 July 2002, and last amended by the MARA on 7 September 2022 and implemented on 1 December 2022.

Pursuant to the requirements of the Opinions of the General Office of the State Council on Strengthening Prevention and Control of African Swine Fever (Guo Ban Fa [2019] No. 31 (《國務院辦公廳關於加強非洲豬瘟防控工作的意見》(國辦發[2019]31號)) issued by the General Office of the State Council on 22 June 2019 and implemented on the same date, local governments are responsible for implementing measures to strengthen the prevention and control of African Swine Fever. This document encourages the promotion of standardised large-scale farming of pigs and gradual reduction of the proportion of free-range farming, and urges the implementation of farming management systems such as closed farming and all-in-all-out farming, so as to improve the level of biosecurity protection in pig farming sites (households); provides guidance for pig farming sites (households) to effectively implement measures such as cleaning and disinfection, innocuous treatment, etc., and strict management of vehicles and personnel entering and leaving the site; urges pig farming sites (households) to report on epidemics in a strict and standardised manner, handle epidemics properly and prevent the spread of epidemics. It encourages the establishment of standardised production

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systems and continued efforts to create high-quality and standardised demonstration farms. It calls for the refining of policies for facility agricultural land and ensures land supply for the construction of relevant supporting facilities for large-scale pig farming sites (households), and supports pig farming enterprises’ development throughout the whole industry chain in provincial or regional jurisdictions.

According to the requirements of the Notice of the Ministry of Agriculture and Rural Affairs on Effectively Strengthening the Supervision of the Movement of Pigs and Pig Products (《農業農村部關於切實加強生豬及其產品調運監管工作的通知》) (Nong Ming Zi [2018] No. 29) issued by the MARA on 31 August 2018 and implemented on the same date, live pigs and their products shall not be transported from high-risk to low-risk areas; breeding pigs from a province with epidemic-affected areas shall be subject to laboratory testing and quarantine for African Swine Fever before they can be transported out of the province; and inter-provincial transportation of pigs via land transport shall be diverted around the epidemic-affected province. According to the requirements of the Notice of the Ministry of Agriculture and Rural Affairs on Further Strengthening the Supervision of Inter-provincial Transport of Live Pigs and Their Products (Nong Ming Zi [2018] No. 33) (《農業農村部關於進一步加強生豬及其產品跨省調運監管的通知》) (農明字[2018]第33號)) issued by the MARA on 11 September 2018 and implemented on the same date, the provinces adjacent to a province where African Swine Fever spreads shall suspend inter-provincial transport of live pigs and temporarily shut down all the live pig trading markets in those provinces. The suspension period shall span from the occurrence of the epidemic in any neighbouring province to the lifting of blockades in all neighbouring provinces.

According to the requirements of the Notice of the Ministry of Agriculture and Rural Affairs on Regulating the Transport of Live Pigs and Pig Products (Nong Mu Fa [2018] No. 23) (《農業農村部關於規範生豬及生豬產品調運活動的通知》) (農牧發[2018]23號)) issued by the MARA on 27 December 2018 and implemented on the same date, breeding pigs and market piglets from outside epidemic-affected counties are subject to testing and quarantine for African Swine Fever before they can be transported out of the province.

The Notice of the Ministry of Agriculture and Rural Affairs on the Circulation of the Plan on Prevention and Control of African Swine Fever and other Major Animal Diseases by Region (Trial Implementation) (Nong Mu Fa [2021] No. 12) (《農業農村部關於印發<非洲豬瘟等重大動物疫病分區防控工作方案(試行)>的通知》) (農牧發[2021]12號)) (issued by the MARA on 16 April 2021 and implemented on the same date) divided China into five regions to carry out prevention and control by region. The Notice calls for the regulation of pig transport, pursuant to which, in principle, pigs other than breeding pigs, piglets and pigs in areas and subareas free from African Swine Fever and other major animal diseases shall not be transported outside the region, so as to promote the shift from “pig transport” to “pork transport”. It also calls for the phased improvement and implementation of the “point-to-point” cross-regional and cross-provincial transport policy, which allows “point-to-point” transport of qualified pigs between the regional, where necessary.

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Use of Veterinary Medicines, Feed and Feed Additives

The operation of livestock and poultry farms also involves the use of veterinary medicines, feed and feed additives, which is governed by the Regulations on Administration of Feed and Feed Additives (《飼料和飼料添加劑管理條例》) issued by the State Council on 29 May 1999 and implemented on the same date, and last revised on 1 March 2017 and implemented on the same date, the Regulations on Administration of Veterinary Medicines (《獸藥管理條例》) issued by the State Council on 21 May 1987 and implemented on 1 January 1988 and last amended on 27 March 2020 and implemented on the same date, and the Medicines Varieties Catalogue Regarding the Prohibition on Use in Feed and Animal Drinking Water (《禁止在飼料和動物飲用水中使用的藥物品種目錄》) issued by the former Ministry of Agriculture, the former Ministry of Health, the National Medical Products Administration (國家藥品監督管理局) on 21 March 2002 and implemented on the same date.

According to the Regulations on Administration of Feed and Feed Additives, enterprises applying to engage in the production of feed and feed additives should apply to the relevant competent authorities to obtain a Feed Production Licence (飼料生產許可證).

Pursuant to the Regulations on Administration of Veterinary Medicines, enterprises dealing in veterinary medicines which meet relevant conditions should apply to the relevant competent authorities to obtain a Veterinary Medicine Operation Licence (獸藥經營許可證).

Use of Water Resources

Pursuant to the Water Law of the PRC (《中華人民共和國水法》) promulgated on 21 January 1988 and latest amended on 2 July 2016, the Regulations on the Administration of the Water Abstraction Licensing and the Levy of Water Resources Fees (《取水許可和水資源費徵收管理條例》) promulgated on 21 February 2006 and amended on 1 March 2017 and the Measures for the Administration of Water Abstraction Licensing (《取水許可管理辦法》) promulgated on 9 April 2008 and latest amended on 22 December 2017, any entity or individual that abstracts water resources shall, except for certain circumstances, apply for and obtain a water abstraction license (取水許可證) and pay water resources fees. An applicant may not build water abstraction engineering structures or facilities until its application for water abstraction has been approved by the competent authority.

Failure to comply with the above provisions related to the use of water resources may result in administrative penalties, including fines, orders to make corrections and revocation of the water abstraction license.

Food Business

The Administrative Measures for Food Business Licensing (《食品經營許可管理辦法》) which was issued on 31 August 2015 by the former State Food and Drug Administration and implemented on 1 October 2015, and last amended on 17 November 2017 and implemented on the same date, a food business permit shall be obtained in accordance with the law to engage in food selling and catering services within the territory of the PRC. The effective period for a food business permit (食品經營許可證) is five years.

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Whoever engages in food business activities with no food business permit obtained shall be punished by the local food and drug administration at or above the county level in accordance with relevant provisions of the Food Safety Law (2021 Amendment) meaning that the food safety supervision and administration department of the government at or above the county level shall confiscate any illegal income or any food illegally produced or dealt in and impose a fine.

Product Quality and Safety and Liability

Product Quality Law in General

The Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”) promulgated by the SCNPC on 22 February 1993 and latest amended on 29 December 2018 is the principal law governing the supervision and administration of product quality and applies to all production and marketing activities within the territory of the PRC.

According to the Product Quality Law, producers are liable for the quality of products they produce and sellers must take reasonable actions to ensure the quality of the products they sell.

The producers shall be liable to compensate for any bodily harm or damage to property (other than the defective product itself) caused by the defective products of the producer unless the producer is able to prove that: (i) it has not circulated the product; (ii) the defect did not exist at the time when the product was circulated; or (iii) the state of scientific or technological knowledge at the time when the product was circulated was not sufficient for the detection of the existence of the defect.

The seller will be liable to compensate for any bodily harm or damage to property (other than defective product itself) caused by the defective products it sold if such defect is attributable to the seller. A person who is harmed or whose property is damaged by the defective product may claim such loss against the producer or the seller.

Any producer or seller that produces or sells products not up to the relevant national or industry standards for ensuring personal health and safety and property security shall be ordered to suspend production and sale with illegally produced products confiscated, and be imposed a fine with any illegal income confiscated. Where the case is serious, the business license shall be revoked concurrently. Where a criminal offence is constituted, the offenders will be pursued for criminal liabilities.

The Civil Code of the PRC (《中華人民共和國民法典》), issued by the National People’s Congress on 28 May 2020 and implemented on 1 January 2021, stipulates that producers shall bear tort liability for damage caused to others by their defective products. If the defective products are identified after they have been put into circulation, the producers or the sellers shall take remedial measures including the cessation of sales, issuance of a warning, recall of products, etc. in a timely manner. The producers or the sellers shall also bear tort liability if they fail to take remedial measures in a timely manner or have not made effective efforts to take remedial measures, thus causing more damages. In the event of a recall, the producer or seller shall bear the necessary expenses so incurred by the tort victim.

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Agricultural Products Safety

The Law on Quality and Safety of Agricultural Products of the PRC (2022 Revision) (《中華人民共和國農產品質量安全法(2022修正)》) (the “**Agricultural Products Safety Law**”), governs the supervision and administration of the quality and safety of agricultural products, namely plants, animals, microorganisms and other products obtained in the course of agricultural activities. The Agricultural Products Safety Law regulates agricultural products in the following aspects to ensure that they meet the requirements necessary to protect people’s health and safety, including: (i) the quality and safety standards of agricultural products; (ii) the production premises of agricultural products; (iii) the production of agricultural products; and (iv) the packaging and labelling of agricultural products.

According to the Agricultural Products Safety Law, producers of agricultural products shall reasonably use chemical products in order to avoid contaminating production premises of agricultural products. The agricultural producers shall also ensure that the preservatives, additives and other chemicals used in the process of production, packaging, preservation, storage and transportation of agricultural products shall be in conformity with the relevant compulsory technical specifications set by the State.

Food Safety

Pursuant to the Food Safety Law (2021 Amendment) and Implementing Regulation for the Food Safety Law of the People’s Republic of China (2019 Revision) (《中華人民共和國食品安全法實施條例(2019修訂)》) which was promulgated by the State Council on 20 July 2009 and last amended on 11 October 2019 and implemented on 1 December 2019, adopt measures and requirements in to improve food safety and prevent large scale food safety accidents which including but not limited to the following aspects: (i) to strengthen the role of local governments in food safety regulation and coordination; (ii) to strengthen food safety risk monitoring and assessment, and early intervention into and swift control over food safety accidents; (iii) to revise the standards for the use of food additives and strengthen regulation of the use of food additives; (iv) to establish a food recall system; (v) to abolish the food safety inspection exemption system; (vi) to clarify the fundamental principles in formulating food safety standards; and (vii) to develop a approval system for food distribution.

According to the Regulations on the Administration of Slaughtering of Pigs, the state implements a system whereby pigs are slaughtered by designated establishments and quarantined in a centralised manner. The pig products produced or distributed by entities or individuals that engage in the sale of pig products or production and processing of meat food products, or by catering service operators, or by entities providing centralised dining services, must be produced by designated pig slaughter plants and slaughterhouses and pass quarantine and the inspection of meat product quality.

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Labelling of Food

The Provisions for the Administration of Food Labelling (《食品標識管理規定》), which became effective on 22 October 2009, sets forth that, food labels shall display the name, place of production, date of production, expiry date, net content, list of ingredients, name, address and contact information of the manufacturer, and the code of safety standards adopted by the manufacturer.

If the name or the description of a food product includes wording such as “nutrition” or “strengthening”, the nutritional ingredients and the amount of energy contained in such food product shall be clearly indicated in the labelling, and the format of such labelling shall comply with the relevant state requirements. The labelling of food products that require a manufacturing licence shall include the manufacturing licence number and a QS (Quality Safe) mark.

Production Safety

The Work Safety Law of the PRC (《中華人民共和國安全生產法》) (the “**Work Safety Law**”), which was issued on 29 June 2002 by the SCNPC and implemented on 1 November 2002, and last amended on 10 June 2021 and implemented on 1 September 2021, is the principal law governing the supervision and administration of production safety. Pursuant to such law, the state implements a system of accountability for production safety accidents. The production and operation entities shall comply with the production safety conditions as stipulated under relevant laws, administrative regulations and national or industry standards before engaging in production and operation activities. Any production and operation entities which fail to meet the legal requirements shall not be allowed to engage in production activities in the PRC. Violation of the Work Safety Law may result in the imposition of fines, penalties, suspension or cessation of operations, or even criminal liabilities in severe cases.

Environmental Protection

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) issued by the SCNPC on 28 October 2002 and implemented on 1 September 2003, and last amended on 29 December 2018, the state implements classified management on the environmental impact assessment of construction projects in accordance with the degree of environmental impact of the construction projects. The construction entities shall organise the preparation of the environmental impact report, the environmental impact report form or fill out the environmental impact registration form according to the Classified Management Catalogue of Environmental Impact Assessments for Construction Projects (《建設項目環境影響評價分類管理名錄》) issued by the Ministry of Ecology and Environment on 30 November 2020 and implemented on 1 January 2021.

Pursuant to the Classified Management Catalogue of Environmental Impact Assessments for Construction Projects, the livestock and poultry farms and breeding areas shall prepare environmental impact reports or fill out environmental impact registration forms, under which, (1) for large-scale livestock and poultry farming with an annual output of 5,000 pigs or the equivalent scale for other livestock and poultry species and above/large-scale livestock and poultry farming with 2,500 pigs in stock (or the equivalent scale for other livestock and poultry species) and above with no output, large-scale livestock and poultry farming involving

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environmentally sensitive areas (referring to national parks, nature reserves, scenic spots, world cultural and natural heritage sites, special protection marine areas, drinking water source protection areas; areas whose main functions are residential, medical and health care, culture and education, scientific research, administrative offices, etc., as well as heritage conservation entities), environmental impact reports should be prepared; (2) livestock and poultry farms and breeding areas of other scales (except those below large scale) shall fill out environmental impact registration forms.

For pig breeding projects, according to the Notice on Further Work Related to Environmental Impact Assessment Management of Pig Breeding Scale (Huan Ban Huan Ping Han [2019] No. 872) (《關於進一步做好當前生豬規模養殖環評管理相關工作的通知》(環辦環評函[2019]872號)) issued by the General Office of Ministry of Ecology and Environment and the General Office of the MARA on 29 November 2019 and implemented on the same date, more than 96% of pig breeding projects (pig breeding projects with an annual output of less than 5,000 pigs) are required to fill in the environmental impact registration form online, with no need to obtain environmental impact assessment approval. For pig breeding projects with an annual output of more than 5,000 pigs, pilot implementation of the environmental impact assessment notification and commitment regime reform shall be explored. The construction entity shall submit the signed notification and commitment letter, environmental impact report and other necessary documents to the Environmental Impact Assessment and Approval Department before construction commences. Upon receipt of the commitment letter and the environmental impact report, the Environmental Impact Assessment and Approval Department may directly make the approval decision without assessment or review. The pilot period shall be from the date of publication of the notice to 31 December 2021. For pig breeding projects below large scale and pig breeding projects above large scale without sewage discharge outlets, no pollutant discharge permit and total quantity index shall be required. In the construction of new (reconstructed or expanded) pig breeding projects, supporting facilities for the utilisation of fecal waste resources should be built simultaneously, and land returned to the fields commensurate with the farming scale should be implemented. Where fecal waste cannot be used as resources, measures for waste treatment shall be clearly defined and its discharge shall meet the standards stipulated by state and local regulations.

According to the Interim Measures for the Acceptance Inspections of Environmental Protection Facilities of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) issued by the former Ministry of Environmental Protection on 20 November 2017 and implemented on the same date, a construction entity shall be responsible for the environmental protection-related inspection and acceptance of the completed construction project. It shall organise the inspection and acceptance of the supporting environmental protection facilities, prepare the inspection and acceptance report, disclose relevant information, and be open to public supervision. With the exception of water and air pollution prevention and control facilities which require a pollutant discharge permit to be obtained, the acceptance period of other environmental protection facilities generally shall not exceed 3 months; where such environmental protection facilities need to be tested or rectified, the acceptance period can be extended as appropriate, but the maximum period shall not exceed 12 months.

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Failure to comply with the above provisions related to the construction project environmental protection may result in administrative penalties, including fines and orders to cease production or use, or to shut down the construction.

The Regulations on the Prevention and Control of Pollution from Large-scale Farming of Livestock and Poultry (《畜禽規模養殖污染防治條例》) issued by the State Council on 11 November 2013 and implemented on 1 January 2014, provides that the construction, reconstruction and expansion of livestock and poultry farms and farming clusters shall comply with the development plans for the animal husbandry industry and plans for pollution prevention and control in livestock and poultry farming, meet the requirements of animal epidemic prevention, and undertake environmental impact assessment. The state encourages and supports the comprehensive utilisation of waste from the farming of livestock and poultry by way of returning manure to the field, producing biogas and organic fertilisers, etc. For diseased livestock and poultry farming wastes including disease-infected livestock and poultry and their excrement, products made from disease-infected livestock and poultry, and carcasses or excrement of livestock and poultry dead of diseases or unknown causes, shall be treated in accordance with the relevant laws, regulations and the requirements of the competent departments of agriculture and animal husbandry of the State Council, through innocuous treatments such as deep burial, chemical treatment, and incineration, and no arbitrary treatment shall be allowed.

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) last amended by the SCNPC 24 April 2014 and effective on 1 January 2015, provides that the site selection, construction, and management of farms, farming clusters, and designated slaughter enterprises of livestock and poultry shall comply with the provisions of relevant laws and regulations. Entities and individuals engaging in livestock and poultry breeding or slaughter shall take measures to dispose of livestock and poultry manure and corpses, sewage, and other wastes in a scientific manner to prevent environmental pollution.

According to the Water Pollution Prevention and Control Law of the PRC (2017 Revision) (《中華人民共和國水污染防治法(2017修正)》) last amended on 27 June 2017 and effective on 1 January 2018, livestock and poultry farming sites and clusters shall guarantee the normal operation of their facilities and make sure that the discharge of sewage meets the relevant standards so as to prevent water environment from being polluted. Where there is a high concentration of free-range livestock and poultry farming, the county or township government shall organise the separate collection and centralised treatment and utilisation of livestock and poultry sewage.

Pursuant to the Atmospheric Pollution Prevention and Control Law of the People's Republic of China (2018 Amendment) (《中華人民共和國大氣污染防治法(2018修正)》) last amended and effective on 26 October 2018, livestock and poultry farming sites and clusters shall collect, store, clean, and innocuously treat sewage and the excrement and carcasses of livestock and poultry in a timely manner so as to prevent odors.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (for Trial Implementation) (《排污許可管理辦法(試行)》) promulgated on 10 January 2018 and partially revised on 22 August 2019 by the Ministry of Ecology and Environment, enterprises and public institutions as well as other producers and operators included in the Catalogue of Classified Administration of Pollutant Discharge Permit for Stationary Pollution Sources shall apply for and obtain a pollutant discharge permit within a prescribed time limit. Any enterprise that fails to obtain a pollutant discharge permit as required shall not discharge pollutants.

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The Catalogue of Classified Administration List of Pollutant Discharge Permits for Stationary Pollution Sources (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment on 20 December 2019 and implemented on the same date provides that, pollutant-discharging entities which produce and discharge pollutants exerting minimal environmental impact shall be subject to discharge registration. Pollutant-discharging entities subject to discharge registration are not required to apply for a pollutant discharge permit, but should fill in a pollutant discharge registration form on the National Pollutant Discharge Permit Administration Information Platform. Large-scale livestock and poultry farming sites and clusters without sewage outfalls, and for livestock and poultry farming sites and clusters below large scale with sewage outfalls shall be subject to discharge registration, which means that they are only required to fill in the pollutant discharge registration form on the National Pollutant Discharge Permit Administration Information Platform.

The State Council issued the Regulations on Pollutant Discharge Permit Administration (《排污許可管理條例》) on 24 January 2021 to further enhance the pollutant discharge administration. Pollutant-discharging entities shall practice focused and streamlined management pursuant to the amount of pollutants generated and discharged and the level of impact on the environment. The review, decision-making and information disclosure of pollutant discharge permit shall be handled through the National Pollutant Discharge Permit Administration Information Platform. The pollutant discharge permit is valid for 5 years and the discharging entities should apply for renewal of the pollutant discharge license 60 days before its expiry.

LAWS AND REGULATIONS RELATING TO LAND USE

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) issued by the SCNPC on 25 June 1986 and implemented on 1 January 1987, and last amended on 26 August 2019 and implemented on 1 January 2020), land in China is classified into agricultural land, construction land and unused land. Land in urban areas is owned by the state; land in rural areas and suburban areas is owned collectively by the peasants, except for that which belong to the state under the law. Land collectively owned by peasants which belongs to village peasants collectively in accordance with the law shall be operated and managed by the village collective economic organisation or village committee.

Use of State-Owned Land

According to the Land Administration Law of the PRC and Rules for Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) last revised on 2 July 2021 by the State Council and implemented on 1 September 2021 and the Provisional Regulations of the People’s Republic of China Concerning the Grant and Transfer of the Right to Use State Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) issued by the State Council on 19 May 1990 and implemented on the same date, and last amended on 29 November 2020 and implemented on the same date, except for assignment by the state under the law as state-owned land use rights, the state implements a system of compensated use of state-owned land in accordance with the law. The methods of compensated use of state-owned land mainly include transfer of state-owned land use rights, leasing of state-owned land, and using state-owned land use rights as a way of capital contribution or investment in exchange for equity. Transfer of land use rights can be conducted by means of agreement, tender, and auction. Transfer of land use rights requires the signing of a land use right transfer contract and payment of land premium.

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Collectively Owned Land

Contracting of collectively owned land

According to the Rural Land Contracting Law of the PRC (《中華人民共和國農村土地承包法》) which was issued by the SCNPC on 29 August 2002 and implemented on 1 January 2003, and last amended on 29 December 2018 and implemented on 1 January 2019, the Organic Law of Villagers' Committees of the PRC (《中華人民共和國村民委員會組織法》) approved by the SCNPC on 4 November 1998 and implemented on the same date, and last amended on 29 December 2018 and implemented on the same date, the state implements a rural land contracting management system. Project establishment and contracting plans involving the village's land contracting management plan and the village collective project shall be handled upon approval by the villagers' meeting after deliberation.

Rural land contracting takes the form of household contracting within the rural collective economic organisation. For rural lands such as barren mountains, barren ditches, barren hills, and barren swamplands that are not suitable for household contracting, contracting can be contracted through tenders, auctions, and public negotiations, and on a pari passu basis, members of the collective economic organisation shall have right of first refusal to contracting rural lands through the above-mentioned channels. The state encourages the use of abandoned land and unused land such as barren mountains, barren ditches, barren hills and barren swamplands to carry out large-scale and standardised livestock and poultry breeding. Land for livestock and poultry breeding shall be managed as agricultural land, and the land for production facilities and necessary pollution prevention and control and other auxiliary facilities shall be designated in accordance with relevant regulations of the State.

The awarding party may contract out the rural land to entities or individuals other than the collective economic organisation with prior consent of more than two-thirds of the members of the collective economic organisation or more than two-thirds of the villager representatives and shall report the contracting to and obtain approval from the people's government at the township level.

A written contract shall be signed by the awarding party and the contractor. The contracting period is 30 years for arable land, 30 to 50 years for grassland, and 30 to 70 years for woodland.

Circulation of land operation rights

According to the Rural Land Contracting Law of the PRC (《中華人民共和國農村土地承包法》), the contractor can independently decide to circulate the land operation rights to others through leasing (subcontracting), exchange for shares or by other means according to the law, provided that the transfer shall be filed with the awarding party. The circulation of land operation rights shall follow the following principles: (1) it shall be lawful, voluntary, and compensated, and no organisation or individual may force or hinder the circulation of the land operation rights; (2) the nature of land ownership and the agricultural use of land shall not be

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changed, and the comprehensive agricultural production capacity and agricultural ecosystem concerned shall not be impaired; (3) the transfer period shall not exceed the remaining period of the contract period; (4) the transferee must have the ability or qualifications for agricultural operations; (5) on a pari passu basis, members of the collective economic organisation shall have right of first refusal.

According to the Measures for the Administration of Circulation of Rural Land Management Right (《農村土地經營權流轉管理辦法》) issued by the MARA on 26 January 2021 and implemented on 1 March 2021, when effecting circulation of land operation rights, the contractor shall negotiate with the transferee and a written transfer contract shall be signed on agreed terms. The circulation contract for rural land operation rights shall be filed with the awarding party and the department in charge of land contracting of the township-level government. After the expiration of the circulation period, the transferee has the right to first renew the contract on a pari passu basis. The transferee is prohibited from changing the agricultural use of the land.

Where the contractor voluntarily entrusts the awarding party, intermediary organisation or others to circulate its land operation rights, the contractor shall issue a letter of trust for the circulation which shall specify the entrusted matter, authority and term and be signed or affixed with official chop by the trustor and the trustee. The transferee of the circulation of land operation rights shall be organisations and individuals with agricultural operation capabilities or qualifications. Under the following circumstances, the contractor can unilaterally terminate the land operation right circulation contract, and if otherwise, the awarding party has the right to terminate the land operation right circulation contract: (1) unauthorised change of the agricultural use of the land; (2) farmland being deserted and left desolate for more than two consecutive years; (3) serious damage being caused to the land or being inflicted on the ecosystem of the land; and (4) other serious breaches of contract.

Administration of Agricultural Facility Land

According to the Circular of the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs on Matters Concerning the Administration of Agricultural Facility Land (Zi Ran Zi Gui [2019] No. 4) (《自然資源部、農業農村部關於設施農業用地管理有關問題的通知》(自然資規[2019]4號)) issued by the Ministry of Natural Resources and the MARA on 17 December 2019 and implemented on the same date, effective for 5 years, agricultural facility land includes facility land directly used for crop planting and livestock, poultry and aquaculture farming in agricultural production. Facility land for livestock, poultry and aquaculture farming includes facility land for farming production and the directly associated manure treatment, inspection and quarantine, excluding land for slaughtering and meat processing sites. Application shall be filed regarding the agricultural facility land with the township government by the rural collective economic organisation or the operator, and the township government regularly summarises the information and submits it to the competent county-level natural resources authority. Where replenishment of permanent basic farmland is involved, approval from the competent county-level natural resources authority must be obtained before construction commences.

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According to the Notice of the General Office of the Ministry of Natural Resources on Issues Concerning the Guarantee of Land for Pig Farming (Zi Ran Zi Dian Fa [2019] No. 39) (《自然資源部辦公廳關於保障生豬養殖用地有關問題的通知》(自然資電發[2019]39號)) issued by the Ministry of Natural Resources on 4 September 2019 and implemented on the same date, land for pig farming is regarded as agricultural facility land and shall be managed as agricultural land, and is not subject to the approval procedures for construction land. The scale of the land used for production facilities such as pig farming pens, passageways in the production sites and green isolation belts shall be determined according to the scale of farming; the scale of supporting facilities have been increased and the 15-mu upper limit has been cancelled to satisfy the demand for facility land including that for waste treatment in pig farming.

According to the Notice of the Office of the State Forestry and Grassland Administration on Issues Related to the Use of Forest Land in Pig Farming (Ban Zi Zi [2019] No. 163) (《國家林業和草原局辦公室關於生豬養殖使用林地有關問題的通知》(辦資字[2019]163號)), where suitable forest land in the plan for the protection and utilisation of forest land to be used for pig farming, the farming enterprise (household) may sign a lease contract with the rural collective economic organisation, forest land contractor or business unit, and submit them to the competent forestry and grassland department at the county level for the record, and such suitable forest land shall be used according to the principle of not changing the usage of the forest land and not occupying the forest land quota. After the pig farming activities finish, farming enterprises (households) should restore forestry production conditions in a timely manner.

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》) (the “**Patent Law**”) is revised by the SCNPC on 17 October 2020 and came into effect on 1 June 2021. According to the current Patent Law, when the invention or utility model patent is granted, unless otherwise stipulated in the Patent Law, without the approval of the patent owner, no entity or person shall implement the relevant patent, that is, manufacture, use, offer to sell, sell or import the patented products for business purpose, or use the patented method and use, offer to sell, sell or import the products directly obtained with the patented method. Implementing the patent without the approval of the patent owner constitutes the infringement of patent rights. Any dispute in connection with this shall be resolved by the relevant parties through negotiation. If the relevant parties refuse to negotiate or the negotiation fails, the patent owner or the relevant stakeholders may file a lawsuit in the people’s court or turn to the patent administration authorities for handling.

REGULATORY OVERVIEW

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) which was revised by the SCNPC on 23 April 2019 and became effective on 1 November 2019 (the “**Trademark Law**”), the registered trademark has a validity period of 10 years starting from the registration date. The trademark registrant enjoys the exclusive right to use the trademark. Any dispute in connection with the activities the infringe the exclusive right to use a registered trademark set out in Article 57 of the Trademark Law shall be resolved by the relevant parties through negotiation. If the relevant parties refuse to negotiate or the negotiation fails, the trademark registrant or the relevant stakeholders may file a lawsuit in court or turn to the industrial and commercial administrative department for handling.

Copyright and Software Registration

Copyright is protected by the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on 7 September 1990 and last amended on 11 November 2020 and effective from 1 June 2021 and the Implementation Regulations of the Copyright Law of PRC (《中華人民共和國著作權法實施條例》) issued by the State Council on 2 August 2002 and last amended on 30 January 2013, which provided provisions on the classification of works and the obtaining and protection of copyright and the related rights.

The Regulation on Computers Software Protection (《計算機軟件保護條例》), which was promulgated by the State Council on 4 June, 1991 and amended in 2001, 2011 and 2013, respectively, was formulated for the purposes of protecting the rights and interests of copyright owners of computer software, regulating the relationship of interests generated in the development, dissemination and use of computer software, encouraging the development and application of computer software, and promoting the development of software industry and the informatization of national economy. According to the Regulation on Computer Software Protection, Chinese citizens, legal entities or other organizations are entitled to the copyright in the software which they have developed, whether published or not. A software copyright owner may register with the software registration institution recognised by the copyright administration department of the State Council. A registration certificate issued by the software registration institution is a preliminary proof of the registered items.

According to the Computer Software Protection Regulations and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on 20 February, 2002, the National Copyright Administration is mainly responsible for the registration and management of national software copyright, and the China Copyright Protection Centre is recognised as the software registration agency. The China Copyright Protection Centre will grant registration certificates to computer software copyright applicants who conform to the Measures for Registration of Computer Software Copyright and the Regulations on Computer Software Protection.

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Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was issued by the Ministry of Industry and Information Technology on 24 August 2017 and came into effect on 1 November 2017, the Ministry of Industry and Information Technology is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of “first apply, first register”. A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

REGULATIONS RELATED TO LABOUR AND EMPLOYMENT

Employment

According to the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》) effective on 1 January 1995, and revised on 29 December 2018 and implemented on the same date, and the Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) revised on 28 December 2012 and taking effect on 1 July 2013, a labour contract shall be signed when the employer establishes labour relationship with the worker. The labour contracts shall be signed in written. When agreement is reached after negotiation, labour contracts, including fixed term labour contract, open term labour contract or labour contract based on the completion of work, shall be signed, and the salary shall be no less than the local minimum wage standard. The employer and the worker shall each fully perform their respective obligations in accordance with the labour contract.

Social Securities

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》) which was issued by the SCNPC on 28 October 2010 and came into effect on 1 July 2011 and was newly revised on 29 December 2018, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering basic pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and basic medical insurance. The employer shall apply to the local social insurance agency for social insurance registration within 30 days from the date of its formation. And it shall, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employee. Any employer who violates the regulations above shall be ordered to rectify within a prescribed time limit; if the employer fails to rectify within the time limit, the employer and its directly liable person will be fined. If the employer fails to pay social insurance contributions on time and in full, the social insurance agency shall place an order with the employer demanding full payment within a prescribed period, and an overdue payment fine at the rate of 0.05% shall be levied as of the date of indebtedness. When the payment is not made at the expiry of the prescribed

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period, a fine above the overdue amount but not exceeding three times the amount shall be demanded by the authoritative administrative department. Meanwhile, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) issued by the State Council on 22 January 1999 and came into effect on the same day and was recently revised on 24 March 2019 prescribes the details concerning the social securities.

Housing Provident Fund

According to Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) revised by the State Council and implemented on 24 March 2019, the enterprises shall fully pay the housing provident fund contribution for the employees on time, with the contribution ratio no less than 5% of the average monthly salary of the relevant employee in the previous year. The housing provident fund contribution paid by the employees and the employers shall be owned by the employees.

LAWS AND REGULATIONS RELATED TO OVERSEAS LISTING

Overseas Securities Offering and Listing by Domestic Enterprises

On 17 February, 2023, the CSRC released the Trial Administrative Measures for 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 five interpretative guidelines thereof, which became effective on 31 March, 2023 (the “**Implementation Date**”).

The Trial Measures, comprehensively improve and reform the regulatory regime for overseas offering and listing of PRC domestic companies’ securities, and regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime. The Trial Measures provide that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the PRC domestic company intending to make the securities offering and listing, or its controlling shareholder and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the PRC domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

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According to the Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfil the filing procedure with the CSRC within three working days after submitting the listing application documents to the overseas supervisory authorities and report relevant information. In addition, subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities or subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall fulfil the filing procedure with the CSRC under the Trial Measures. In the event of the occurrence of any of the following material events, the issuer shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event: (i) change in controlling rights; (ii) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (iii) changing listing status or changing the listing board; (iv) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its overseas offering and listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within three working days after the occurrence of the relevant change to provide an explanation of the relevant situation.

Where a PRC domestic company fail to fulfil the filing procedures or offer and list in an overseas market against the prohibited circumstances, the CSRC shall order rectification, issue warnings to such domestic company, and impose a fine of between RMB1 million and RMB10 million. Directly liable persons-in-charge and other directly liable persons shall be warned and each imposed a fine of between RMB0.5 million and RMB5 million. Controlling shareholders and actual controllers of the PRC domestic company that organise or instruct the aforementioned violations shall be imposed a fine of RMB1 million and RMB10 million. Directly liable persons-in-charge and other directly liable persons shall be each imposed a fine of between RMB0.5 million and RMB5 million. Also, where the filing documents submitted by a PRC domestic company contains misrepresentation, misleading statement or material omission, the CSRC shall issue correction orders and warnings, and impose a fine of between RMB1 million and RMB10 million. Directly liable persons-in-charge and other directly liable persons shall be warned and each imposed a fine of between RMB0.5 million and RMB5 million. Controlling shareholders and actual controllers of the PRC domestic company that organise or instruct the aforementioned violations, or enable the aforementioned violations by concealing relevant matters, shall be imposed a fine of RMB1 million and RMB10 million. Directly liable persons-in-charge and other directly liable persons shall be each imposed a fine of between RMB0.5 million and RMB5 million.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that domestic companies do not need to file with the CSRC if they have already obtained the approval of H shares offering from the CSRC before the Implementation Date, as long as they complete their overseas offering and listing within the

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validity period of the approval; if domestic companies fail to complete their overseas offering and listing within the validity period of the approval, they shall complete the filing procedures with the CSRC accordingly. We have obtained the approval of H shares offering from the CSRC on 30 March 2023.

On 24 February 2023, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Confidentiality and Archives Administration Provisions**”), which became effective on 31 March, 2023. The Confidentiality and Archives Administration Provisions require, among others, that PRC domestic companies seeking to list securities in overseas markets, either directly or indirectly, shall establish the confidentiality and archives policies, and shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level, if such PRC domestic companies or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of PRC government agencies to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. Moreover, a PRC domestic company that (i) plans to, either directly or through its overseas-listed entity, publicly disclose or provide to relevant individuals and entities including securities companies, securities service providers and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest; (ii) provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfil due procedures in compliance with applicable national regulations, shall strictly fulfil relevant procedures stipulated by applicable national regulations. In addition, working papers produced in the Chinese mainland by securities companies and securities service providers in the process of undertaking businesses related to overseas offering and listing by domestic companies shall be retained in the Chinese mainland. Where such documents need to be transferred or transmitted outside the Chinese mainland, relevant approval procedures stipulated by national regulations shall be followed.

H-share Full Circulation

“Full circulation” means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On 14 November 2019, the CSRC issued the Guidelines for the “Full Circulation” Programme for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “**Guidelines for the Full Circulation**”), which was revised and implemented on 10 August 2023.

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According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share company may be entrusted to file with the CSRC for full circulation. Unlisted domestic joint stock companies may file with the CSRC for full circulation simultaneously when applying for its overseas initial public offering and listing. After the application for full circulation has been approved by the CSRC, the H-share company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with CSDCC of the shares related to the application has been completed.

On 31 December 2019, CSDCC and the Shenzhen Stock Exchange (“SZSE”) jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股“全流通”業務實施細則》) (the “**Measures for Implementation**”). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

In order to fully promote the reform of H-share full circulation and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, CSDCC promulgated the Circular on Issuing the Guide to the Programme for Full Circulation of H-shares (《H股“全流通”業務指南》) on 7 February 2020, which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralised custody, and other relevant matters. In February 2020, China Securities Depository and Clearing (Hong Kong) Limited also promulgated the Guide of China Securities Depository and Clearing (Hong Kong) Limited to the Programme for Full Circulation of H-shares to specify the relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

According to the Measures for Implementation and the Guide to the Programme for Full Circulation of H-shares, shareholders who apply for H Share Full Circulation (“Participating Shareholders”) shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares, i.e., CSDCC as the nominal shareholder, deposits the relevant securities held by Participating Shareholders at China Securities Depository and Clearing (Hong Kong) Limited (“**CSDC (Hong Kong)**”), and CSDC (Hong Kong) will then deposit the securities at [REDACTED] in its own name, and exercise the rights to the securities issuer through [REDACTED], while [REDACTED] as the ultimate nominal shareholder is listed on the register of shareholders of H-share listed companies.

According to the Guide to the Programme for Full Circulation of H-shares, H-share listed companies shall be authorised by Participating Shareholders to designate the only domestic securities company (“**Domestic Securities Company**”) to participate in the transaction of converted H shares. The specific procedure is as follows:

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Participating Shareholders submit trading orders of the converted H Shares through the Domestic Securities Company, which transmits the orders to the Hong Kong Securities Company designated by the Domestic Securities Company through Shenzhen Securities Communications Co., Ltd.; and Hong Kong Securities Company conducts corresponding securities transactions in the Hong Kong market in accordance with the aforementioned trading orders and the rules of the Hong Kong Stock Exchange.

According to the Guide to the Programme for Full Circulation of H-shares, upon the completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDCC, CSDCC and the Domestic Securities Company, and the Domestic Securities Company and the Participating Shareholders, will all be conducted separately.