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## REGULATORY OVERVIEW

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### INTERNATIONAL FREIGHT FORWARDING BUSINESS

According to the **Regulations of the People’s Republic of China on Managements of International Freight Forwarders** (《中華人民共和國國際貨物運輸代理業管理規定》), which was promulgated by the Ministry of Foreign Trade & Economic Cooperation (incl. former Ministry of Foreign Economy & Trade) (“**MOFTEC**”, Replaced by the Ministry of Commerce) on 29 June 1995 and executed on the same day. And the Detailed Rules for the Implementation of the Regulations of the People’s Republic of China on the Administration of the International Freight Forwarding Industry (For Trial Implementation) (《中華人民共和國國際貨物運輸代理業管理規定實施細則(試行)》) which was promulgated by the **MOFTEC** on 26 January 1998 and executed on the same day, and which was last amended by the Ministry of Commerce on 1 January 2004, the international freight forwarders referred to in the regulations mean those trades entrusted by consignors and consignees of exports and imports conduct international freight forward and related businesses for their clients and collect enumerations for their services in their own names or in the name of their consignors. International freight forwarders must obtain the status of a legal body as an enterprise of the People’s Republic of China according to law. According to the characteristics of the trade the establishment of an international freight forwarder must acquire the following conditions: (1) It has competent professional to engage in international freight forwarding; (2) It has a fixed site for business and necessary facilities; (3) It has stable sources of and markets for exports and imports. The international freight forwarder shall engage in operations in accordance with the business scope and locality as listed on the approval certificate and the business license.

According to the (Interim) Measures for the Archival Filing of International Freight Forwarders (2016 Amendment PKULAW Version) (《國際貨運代理企業備案(暫行)辦法》(2016年修正)), which was promulgated by the Ministry of Commerce on 7 March 2005 and executed on 1 April 2005, and was amended on 18 August 2016, all international freight forwarders and their branches (hereinafter referred to as international freight forwarders) that are legally registered at the state administrative department of industry and commerce shall go through the archival filing and registration at the Ministry of Commerce or an organ entrusted by the Ministry of Commerce. The Ministry of Commerce shall be the competent department in charge of the archival filing work of international freight forwarders across the country. National network and territorial administration shall be applicable to the archival filing work of international freight forwarders. The Ministry of Commerce entrusts the local commerce administrative departments (hereinafter referred to as the archival filing organs) to be responsible for handling the archival filing of international freight forwarders of their respective regions. The entrusted archival filing organs may not entrust other institutions to conduct archival filing on their own initiatives.

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(Interim) Measures for the Archival Filing of International Freight Forwarders (2016 Amendment PKULAW Version) (《國際貨運代理企業備案(暫行)辦法》(2016年修正)) further stipulates, an international freight forwarder shall go through the relevant formalities as required for carrying out international freight forwarding business upon the strength of the Registration Form that has been affixed with the archival filing seal within 30 days at the relevant department (hereinafter referred to as the Archival Filing Form). In case there is any alteration of any information in the Registration Form, an international freight forwarder shall go through the alteration formalities of the Registration Form within 30 days by referring to the relevant provisions in Article 5 of these Measures. If any international freight forwarder fails to go through the alteration formalities, its Registration Form shall be invalidated automatically.

According to the Notice for Strengthening the Regulations on the Safety of Logistics and Delivery Channels (《關於加強物流、寄遞渠道安全監管工作的通知》), which was promulgated by the Ministry of Public Security, the Ministry of State Security, the Ministry of Transport, the Ministry of Railways (dissolved), the Ministry of Commerce, the State Administration for Industry and Commerce (dissolved) and the State Post Bureau on 8 September 2009 and executed on the same day, logistics and transport companies, freight stations (yards), passenger terminals, international freight forwarding companies, postal companies and various types of express delivery companies shall strictly implement inspections and other safety management systems, and strengthen the inspection, filtering and control on the restricted, prohibited and hazardous goods. Logistics and transport companies, freight stations (yards), passenger terminals and international freight forwarding companies shall complete all procedures as required by laws and administrative regulations before transporting their cargoes, and inspection for such procedures must be conducted. Any suspicious packages should be opened for inspection to prevent the hiding and smuggling of restricted, prohibited and hazardous items within regular cargoes. Logistics and transport companies, freight stations (yards) and passenger terminals are strictly forbidden from accepting and transporting any cargoes prohibited from transportation by laws and administrative regulations.

Pursuant to the Counterterrorism Law of the People's Republic of China (2018 Amendment) (《中華人民共和國反恐怖主義法》(2018修正)), which was promulgated by the Standing Committee of the National People's Congress on 27 December 2015, executed on 1 January 2016 and amended on 27 April 2018, the logistics and express delivery operators operating railways, highways, overwater transportation and aerial transportation shall implement safety and inspection system. Any items that are prohibited from transportation or delivery, with significant safety hazards or for which the customers refuse to perform safety inspection shall not be transported or delivered. Logistics operators shall implement a registration system for the identity of transportation and delivery customers and the information of cargoes. In case of failure to comply

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with the aforementioned provisions, the logistics operator shall be imposed a fine of not less than RMB100,000 and not more than RMB500,000, while the principal person in charge and other directly responsible personnel, shall be imposed a fine of not more than RMB100,000.

### EXPRESS BUSINESS

According to the Measures for the Administration of the Business Permit for Express Business (2019 Amendment) (《快遞業務經營許可管理辦法》(2019年修正)), which was promulgated by the Ministry of Transport on 1 September 2009 and executed on 1 October 2009, and was amended on 28 November 2019, the postal administration of the State Council, the postal management institutions of provinces, autonomous regions and municipalities directly under the Central Government, and the postal management institutions at or below the provincial level established according to the provisions of the State Council (hereinafter collectively referred to as “**postal administrations**”) shall be responsible for the administration of the business permit for express business. To carry out express business, an entity or individual shall obtain the business permit for express business according to the law, and accept the supervision and administration of the postal administration and other relevant departments; and no entity or individual may carry out express business without permit.

According to the Measures for the Administration of the Business Permit for Express Business (《快遞業務經營許可管理辦法》), the business permit for express business shall be valid for five years. An enterprise carrying out express business shall, according to the business scope, geographical area, and validity term specified in the Express Business Permit, carry out express business activities.

### ROAD FREIGHT TRANSPORTATION

According to the Regulation of the People’s Republic of China on Road Transport (2022 Revision) (《中華人民共和國道路運輸條例》(2022年修正)), which was promulgated by the State Council on 30 April 2004 and executed on 1 July 2004, and was last amended on 26 September 2022 and executed on 1 May 2022, the administrative department of communications of the State Council is in charge of the road transport administration of the whole country. The administrative department of communications of the people’s government on the county level or above is responsible for organizing and leading the road transport administration within its own administrative area. Those who apply for engaging in freight business shall apply to the competent department of transportation after going through the relevant registration procedures with the market supervision and administration department according to law, and the competent department of transportation shall issue the road transportation operation license to the applicant after examination, and issue the vehicle operation license to the applicant’s vehicles that have been put

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into transportation; Those who use ordinary freight vehicles with a total mass of 4,500kg or less to engage in ordinary freight operations do not need to apply for a road transport operation license and a vehicle operation license in accordance with the provisions of this article.

Regulation of the People's Republic of China on Road Transport (2022 Revision) (《中華人民共和國道路運輸條例》) further stipulates, engages in road transport business operations without obtaining a road transport business operation license, shall be ordered to stop his or its business operations by the administrative organ of road transport on county level or above. The illegal gains, if any, shall be confiscated and he shall be fined not less than 2 times but not more than 10 times of the amount of the illegal gains. If the amount of illegal gains is less than 20,000 yuan, he shall be fined 30,000 up to 100,000 yuan. If any crime is constituted, he shall be subject to criminal liabilities.

According to the Provisions on the Administration of Road Freight Transport and Stations (Sites) (《道路貨物運輸及站場管理規定》), which was promulgated by the Ministry of Transport on 16 June 2005 and executed on 1 August 2005, and was last amended on 26 September 2022 and executed on the same date, a road freight transport business operator shall, according to the business scope as specified in the Road Transport Business Permit, engage in business operations of road freight transport and shall not transfer or rent the Road Transport Business Permit. A road freight transport business operator shall require the drivers of vehicles it employs to carry along with the vehicles the Road Transport Certificate obtained as required. No Road Transport Certificate may be assigned, leased, altered or forged.

### NVOCC BUSINESS

According to the Regulations of the People's Republic of China on International Ocean Shipping (《中華人民共和國國際海運條例》), which was promulgated by the State Council on 11 December 2001 and executed on 1 January 2002, and was last amended on 2 March 2019, and Detailed Rules for the Implementation of the Regulations of the People's Republic of China on International Maritime Transportation (《中華人民共和國國際海運條例實施細則》) which was promulgated by the Ministry of Transport on 20 January 2003 and executed on 1 March 2003, and was last amended on 28 November 2019, the "non-vessel shipping business" as used in the preceding paragraph refers to the international ocean shipping business operations of a non-vessel shipping operator to accept the cargo of the shipper as the carrier, take the freight charges from the shipper by issuing his own bills of lading or other transport documents, ship the international ocean goods through international shipping operators and bear the responsibilities of the carrier. To operate non-vessel shipping business within the territory of China, the party shall establish an enterprise with legal status within the territory of China according to law. The non-vessel shipping

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operator shall attach the relevant materials proving the payment of security deposit in accordance with the provisions of these Regulations when filing the application for registration of bill of lading with the department in charge of transportation under the State Council.

Regulations of the People’s Republic of China on International Ocean Shipping (《中華人民共和國國際海運條例》) further stipulates, the international shipping operators and non-vessel shipping operators may not provide for the use of others the operation qualifications they obtained according to law. If any party operates the non-vessel shipping business without making the registration of bill of lading and paying the security deposit, he shall be ordered to stop the business operations by the department in charge of transportation under the State Council or the department in charge of transportation under the local people’s government authorized by it; if there exist illegal gains they shall be confiscated; if the illegal gains are not less than RMB100,000, a fine of not less than 2 times but not more than 5 times of the illegal gains shall be imposed; if there are no illegal gains or the illegal gains are less than RMB100,000, a fine of not less than RMB50,000 but not more than RMB200,000 shall be imposed.

### CUSTOMS DECLARATION

According to the 《Customs Law of the People’s Republic of China (2021 Amendment)》 (《中華人民共和國海關法》), which was promulgated by the Standing Committee of the National People’s Congress on 22 January 1987 and executed on 1 July 1987, and was last amended on 29 April 2021, the Customs of the People’s Republic of China shall be the state organ responsible for supervision and control over everything entering and leaving the customs territory (hereinafter referred to as inward and outward persons and objects). All inward and outward means of transport, goods and articles shall enter or leave the territory at a place where there is a Customs office. All import and export goods must be declared and duties on them paid by their sender or receiver or by representatives entrusted by the sender or receiver. To undergo customs declaration formalities, the consignee or consignor of imported or exported goods and the customs declaration enterprise shall undergo recordation formalities at the Customs in accordance with the law. Whoever engages in the customs declaration business without undergoing recordation at the Customs may be fined by the Customs.

According to the Provisions on the Recordation of Customs Declaration Entities of the People’s Republic of China (《中華人民共和國海關報關單位備案管理規定》), which was promulgated by the General Administration of Customs on 19 November 2021 and executed on 1 January 2022, the consignee or consignor of imported or exported goods or a customs declaration enterprise, as filed with the customs hereinafter (referred to as “**a customs declaration entity**”) may undergo customs declaration within the customs territory of the People’s Republic of China. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly

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where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business. When applying for recordation, a customs declaration entity shall submit to the customs an Information Form for Recordation of the Customs Declaration Entity. The recordation information shall be published through the “Credit Publicity Platform of Import and Export Business of Customs of the People’s Republic of China.”

According to the Announcement on Fully Including the Recordation of Customs Declaration Entities in the Reform of “Integrating Certificates into One” (《關於報關單位備案全面納入“多證合一”改革的公告》), which was promulgated by the General Administration of Customs, State Administration for Market Regulation on 20 December 2021 and executed on 1 January 2022, where, in applying to a market regulatory authority for registration of a market participant, an applicant is required to concurrently apply for the recordation of a customs declaration entity, the applicant shall choose the option for the recordation of customs declaration entities as required, and additionally enter the relevant recordation information. The market regulatory authority shall complete the registration according to the process of “integrating certificates into one,” and complete data sharing with the General Administration of Customs (“GACC”) at the level of the State Administration for Market Regulation. The appropriate enterprise is not required to file an application for recordation with the customs office.

According to the Measures for the Archival Filing and Registration of Foreign Trade Business Operators (《對外貿易經營者備案登記辦法》), which was promulgated by the Ministry of Commerce on 25 June 2004 and executed on 1 July 2004, and was last amended on 10 May 2021, any foreign trade business operator undertaking the import or export of goods or technology shall go through the archival filing and registration to the Ministry of Commerce of the People’s Republic of China (hereinafter referred to as the “MOC”) or the institutions entrusted by the MOC. In case a foreign trade business operator fails to go through the archival filing and registration according to the present Measures, the customs shall not handle the formalities for declaration of release for import and export. According to the decision on the amendment to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) made by the National People’s Congress of the PRC on 30 December 2022, no filings is required for export trade operators engaged in goods import and export or technology import and export, with effect from 30 December 2022.

## ELECTRONIC COMMERCE

According to the E-Commerce Law of the People’s Republic of China (《中華人民共和國電子商務法》), which was promulgated by the Standing Committee of the National People’s Congress on 31 August 2018 and executed on 1 January 2019, an e-commerce business shall, in business operation, abide by the principles of voluntariness, equality, equity and good faith, observe the law and business ethics, fairly participate in market competition, perform obligations in aspects

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including protection of consumer rights and interests, environment, intellectual property rights, cybersecurity and individual information, assume responsibility for quality of products or services, and accept the supervision by the government and the public. An e-commerce business shall engage in cross-border e-commerce according to the laws, administrative regulations, and other relevant provisions issued by the state on the supervision and administration of import and export.

### **ENCOURAGE THE ACTIVE DEVELOPMENT OF LOGISTICS INDUSTRY AND CROSS-BORDER E-COMMERCE LOGISTICS BUSINESS**

According to the “13th five year plan” for commercial logistics development (《商貿物流發展“十三五”規劃》) jointly promulgated by the Ministry of Commerce, the development and Reform Commission, the Ministry of land and resources, the Ministry of transport and the State Post Office on 19 January 2017 and executed on the same date, the main tasks and key projects include focusing on promoting the development of professional logistics such as e-commerce, cold chain, medicine and means of production. Vigorously develop e-commerce logistics, guide the extension of service networks to small and medium-sized cities, counties and towns, and form an e-commerce logistics system with “optimized structure, powerful functions, efficient operation and high-quality services”. Promote the development of international logistics, focus on the development of cross-border e-commerce, guide and encourage qualified enterprises to scientifically plan and orderly build overseas logistics infrastructure, and build public overseas warehouses with strong radiation capacity. Relying on the cooperation network of railway, highway, water transportation, aviation, postal service and supply and marketing, improve the layout of e-commerce logistics, and build an e-commerce logistics system connecting urban and rural areas, covering the whole country and facing the international market.

According to the Program of Building National Strength in Transportation is as follows (《交通強國建設綱要》), which was promulgated by the Central Committee of the Communist Party of China, State Council on 19 September 2019 and executed on the same date, it is proposed to building a green and efficient modern logistics system, the development of specialized logistics such as e-commerce logistics, cold chain logistics, transportation of oversized goods, and dangerous goods logistics shall be advanced, “Internet plus” efficient logistics shall be developed, and a smart logistics operation mode shall be created; International shipping logistics shall be expanded, international scheduled trains shall be developed, cross-border road transportation facilitation shall be advanced, air logistics hubs shall be vigorously developed, an international delivery logistics supply chain system shall be built.

According to the Opinions on Accelerating the High-quality Development of Cross-border E-commerce (《關於加快推進跨境電子商務高品質發展的實施意見》) which was promulgated by the Hangzhou Municipal People’s Government on 18 January 2023, it is proposed to encourage the cultivation of cross-border e-commerce subjects, the cultivation of cross-border e-commerce

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brands, the cultivation of cross-border e-commerce talents, the construction of cross-border e-commerce industrial parks, the construction of cross-border e-commerce warehousing and logistics, and the construction of cross-border e-commerce public services; Enterprises are encouraged to build public overseas storage facilities, and logistics enterprises and logistics platforms are encouraged to settle on online integrated service platforms. Provide financial support to logistics enterprises that meet the requirements of intelligent logistics projects of online integrated service platforms and provide service products.

According to the Advancing the High-quality Development of Trade (《關於推進貿易高質量發展的指導意見》), which was promulgated by the Central Committee of the Communist Party of China, State Council on 19 November 2019 and executed on the same date, it is proposed to building an efficient cross-border logistics system, the construction and interconnection of cross-border infrastructure shall be advanced, and transport facilitation arrangements and cooperation in customs clearance shall be jointly promoted. The development of intelligent multimodal transport shall be accelerated. The construction of smart ports shall be hastened. Leading e-commerce, express delivery, and logistics enterprises shall be encouraged to build overseas warehousing and logistics distribution centers and gradually build an intelligent logistics network.

According to the Opinions of the General Office of the State Council on Accelerating the Development of New Types of Consumption Driven by New Business Forms and Patterns (《關於以新業態新模式引領新型消費加快發展的意見》), which was promulgated by the General Office of the State Council on 16 September 2020 and executed on the same date, it is proposed to e-commerce and digital service enterprises shall be encouraged to “go abroad”. A system for international delivery and logistics services shall be established in a rapid manner, and an overall plan shall be made to build international logistics supply chains. Efforts shall be made to expand businesses on global markets particularly markets along the “Belt and Road”, and foster a number of the world’s first-class platform enterprises and enterprises providing logistics supply chains with the capability of allocating international resources.

## EMPLOYMENT

According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), which was promulgated by the Standing Committee of the National People’s Congress on 5 July 1994 and executed on 1 January 1995, and was last amended on 29 December 2018, and the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), which was promulgated by the Standing Committee of the National People’s Congress on 29 June 2007 and executed on 1 January 2008, and was amended on 28 December 2012 and executed on 1 July 2013. And the Regulation on the Implementation of the Employment Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》) was promulgated by the State



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Council on 18 September 2008 and executed on the same date, the employer shall establish and perfect rules and regulations in accordance with law and guarantee that laborers enjoy labor right and fulfill labor obligations. A written labor contract shall be concluded in the establishment of employment relationship. Where an employment relationship has already been established with an employee but no written labor contract has been entered simultaneously, a written labor contract shall be concluded within one month from the date when the employee begins to work. Where an employer and an employee conclude a labor contract prior to the employment, the employment relationship is established from the date when the employee begins to work. The employer shall pay laborers wages no lower than local standards on minimum wages.

### SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was promulgated by the Standing Committee of the National People's Congress on 28 October 2010 and executed on 1 July 2011, and was amended on 29 December 2018. And the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) was promulgated by the State Council on 22 January 1999 and executed on the same date, and was amended on 24 March 2019. And the Regulation on Work-Related Injury Insurance (《工傷保險條例》) was promulgated by the State Council on 27 April 2003 and executed on 1 January 2004, and was amended on 20 December 2010 and executed on 1 January 2011. And the Interim Measures for maternity insurance of enterprise employees (《企業職工生育保險試行辦法》) was promulgated by the Ministry of Labor & Social Security (dissolved) on 14 December 1994 and executed on 1 January 1995. And the Regulations on Unemployment Insurance (《失業保險條例》) was promulgated by the State Council on 22 January 1999 and executed on the same date. And the Decision of the State Council on establishing a unified basic endowment insurance system for enterprise employees 《國務院關於建立統一的企業職工基本養老保險制度的決定》 was promulgated by the State Council on 16 July 1997 and executed on the same date. And the Decision of the State Council on Establishing the Urban Employees' Basic Medical Insurance System (《國務院關於建立城鎮職工基本醫療保險制度的決定》) was promulgated by the State Council on 14 December 1998 and executed on the same date, the employer shall pay basic endowment insurance, basic medical insurance premiums, employment injury insurance, unemployment insurance, maternity insurance for its employees in accordance with the law. An employer shall apply to the local social insurance agency for social insurance registration, participate in social insurance. Where an employer fails to handle social insurance registration, the social insurance administrative department shall order it to make correction within a prescribed time limit; and if it fails to do so within the prescribed time limit, impose a fine of 1-3 times the amount of the social insurance premiums payable upon it. Where an employer fails to pay social insurance premiums on time or in full amount, the collection agency of social insurance premiums shall order it to pay or make up the deficit of premiums within a

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prescribed time limit, and impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; and if it still fails to pay the premiums within the prescribed time limit, the relevant administrative department shall impose a fine of 1-3 times the outstanding amount upon it.

According to the Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), which was promulgated by the State Council on 3 April 1999 and executed on the same day, and was last amended on 24 March 2019, an entity shall undergo the formalities for registration of housing provident fund contribution with the housing provident fund management center, and undergo the formalities for opening housing provident fund accounts for its employees. An entity shall timely and fully deposit housing accumulation fund, and shall not deposit it by exceeding the time limit, or deposit less than it should. Where an entity failing to make deposit registration of the housing accumulation fund or failing to open a housing accumulation fund account for its employees, it shall be ordered by the housing accumulation fund management center to make up the procedures within a time limit; if it fails to make up the procedures within the time limit, it shall be given a fine of 10,000 yuan to 50,000 yuan. Where an entity failing to deposit the housing accumulation fund within the time limit or by under-depositing the fund, it shall be ordered by the housing accumulation fund management center to deposit the fund within a time limit; if it fails to deposit the fund within the time limit, it may apply to the people's court for enforcement.

## LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

### Trademark

According to the Trademark Law of the People's Republic of China (《商標法》), which was promulgated by the Standing Committee of the National People's Congress on 23 August 1982 and executed on 1 March 1983, and was last amended on 23 April 2019 and executed on 1 November 2019, And the Regulation on the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) which was promulgated by the State Council on 3 August 2002 and executed on 15 September 2002, and was last amended on 29 April 2019 and executed on 1 May 2014, the Trademark Office of the administrative department for industry and commerce under the State Council shall take charge of trademark registration and administration across the country. Registered trademarks are trademarks approved to be registered by the Trademark Office, including goods trademarks, service trademarks, collective marks, and certification marks. A trademark registrant shall have the right to exclusively use the registered trademark, which is protected by law. Where an applicant for registration of a trademark identical with or similar to an unregistered trademark in prior use by another party on identical or similar goods has any contractual, business or other relationship with the other party and knows the existence of the unregistered trademark, the trademark shall not be registered upon opposition

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from the other party. The period of validity of a registered trademark shall be ten years, commencing from the date of approval of registration. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. The licensor shall supervise the quality of the goods on which the licensee uses the licensor's registered trademark. Where another party is licensed to use a registered trademark, the licensor shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it.

### **Patent**

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), which was promulgated by the Standing Committee of the National People's Congress on 12 March 1984 and executed on 1 April 1985, and was last amended on 17 October 2020 and executed on 1 June 2021, the patent administrative department of the State Council shall be responsible for the administration of the patent work throughout China, uniformly accept and examine applications for patents, and grant patents in accordance with the law. The patent administrative department of the people's government of each province, autonomous region, or municipality directly under the Central Government shall take charge of the administration of patents within its own jurisdiction. Where two or more applicants file applications for a patent for an identical invention, the patent shall be granted to the applicant who is the first to file an application. An invention or utility model for which a patent is to be granted shall be novel, inventive and practically applicable. The term of a patent for an invention shall be 20 years, the term of a patent for a utility model shall be ten years, and the term of a patent for a design shall be 15 years, all commencing from the date of filing of application.

### **Software copyright**

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), which was promulgated by the Standing Committee of the National People's Congress on 7 September 1990 and executed on 1 June 1991, and was last amended on 11 November 2020 and executed on 1 June 2021. And the Regulation on Computers Software Protection (《計算機軟件保護條例》), which was promulgated by the State Council on 20 December 2001 and executed on 1 January 2002, and was last amended on 30 January 2013 and executed on 1 March 2013, a software copyright owner may register with the software registration institution recognized by the copyright administration department of the State Council. A software copyright owner may authorize others to exploit his copyright, and has a right to receive remuneration. Those who infringe upon copyright will bear civil liabilities such as stopping the infringement, eliminating the impact, making an apology, and compensating for losses. If the circumstances are serious, they will be fined or investigated for administrative or criminal responsibility.

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### Domain name

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry & Information Technology on 24 August 2017 and executed on 1 November 2017, the Ministry of Industry and Information Technology shall conduct supervision and administration of the domain name services nationwide. The communications administrations of all provinces, autonomous regions and municipalities directly under the Central Government shall supervise and administer the domain name services within their respective administrative regions. Domain name registration is handled through the domain name service organization established in accordance with relevant regulations; The domain name registration applicant shall provide the domain name registration service organization with true, accurate and complete information. The applicant becomes the holder of these domain names after the registration process is completed.

### TAX SUPERVISION

#### Corporate income tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), which was promulgated by the Standing Committee of the National People's Congress on 16 March 2007 and executed on 1 January 2008, and was last amended on 29 December 2018. And the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council on 6 December 2007 and executed on 1 January 2008, and was amended on 23 April 2019, a resident enterprise shall pay the enterprise income tax on its incomes derived from both inside and outside China. For a non-resident enterprise having offices or establishments inside China, it shall pay enterprise income tax on its incomes derived from China as well as on incomes that it earns outside China but which has real connection with the said offices or establishments. The enterprise income tax rate shall be 25%. For a non-resident enterprise having no office or establishment inside China, or for a non-resident enterprise whose incomes have no actual connection to its institution or establishment inside China, it shall pay enterprise income tax on the incomes derived from China, the applicable tax rate is 10%. The enterprise income tax on important high- and new-tech enterprises that are necessary to be supported by the state shall be levied at the reduced tax rate of 15%.

#### Value added tax

According to the Interim Regulation of the People's Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on 13 December 1993 and executed on 1 January 1994, and was last amended on 19 November 2017.

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And the Detailed Rules for the Implementation of the Interim Regulation of the People's Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance on 25 December 1993 and executed on the same date, and was last amended on 28 October 2011 and executed on 1 November 2011. And the Decision of the to Repeal the Interim Regulation of the People's Republic of China on Business Tax and Amend the Interim Regulation of the People's Republic of China on Value-Added Tax (《關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》), which was promulgated by the State Council on 19 November 2017 and executed on the same date. And the Announcement of the on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was jointly promulgated by the Ministry of Finance, State Taxation Administration, General Administration of Customs on 20 March 2019 and executed on 1 April 2019, all enterprises and individuals that sell goods, provide processing, repair and replacement services, sales services, intangible assets, real estate and imported goods in China are taxpayers of value-added tax. According to the Announcement of the on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), the generally applicable value-added tax rate is simplified to 13%, 9%, 6% and 0%, which will take effect from 1 April 2019. The value-added tax rate applicable to small-scale taxpayers is 3%.

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated by the Ministry of Finance and State Taxation Administration on 23 March 2016 and executed on 1 May 2016, the direct or indirect international cargo transportation agency services provided by taxpayers are exempt from value-added tax.

### HIGH TECH ENTERPRISE

According to the Measures for the Administration of the Certification of High-tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science & Technology, Ministry of Finance, State Taxation Administration on 14 April 2008 and executed on 1 January 2008, and was amended on 29 January 2016. The Measures for the Administration of the Certification of High-tech Enterprises (《高新技術企業認定管理辦法》) recognizes that high-tech enterprises can declare and enjoy preferential tax policies in accordance with the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (《企業所得稅法》), Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《企業所得稅法實施條例》), Tax Collection Administration Law of the People's Republic of China (《中華人民共和國稅收徵收管理法》) and Rules for the Implementation of the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》) And other relevant regulations.

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Measures for the Administration of the Certification of High-tech Enterprises (《高新技術企業認定管理辦法》) further stipulates, for a high-tech enterprise that has been accredited, its qualification shall be valid for a period of three years from the date of issuance of the certificate. An eligible high-tech enterprise is entitled to the tax preferences from the year when the high-tech enterprise certificate is issued.

### LEASE OF HOUSES

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing & Urban-Rural Development on 1 December 2010 and executed on 1 February 2011, the parties to house leasing shall sign a leasing contract according to law. The parties to house leasing shall, within 30 days after the conclusion of the house leasing contract, handle the house leasing registration and filing formalities at the construction (real estate) administrative department of the people's government of the municipality directly under the Central Government, city or county at the place where the leased house is located. The construction administrative department of the people's government of a municipality directly under the Central Government, city or county shall order anyone violating of regulations to make corrections within a prescribed time limit, and if an individual fails to do so, may impose a fine of not more than 1,000 yuan on him; and if an entity fails to do so, may impose a fine of more than 1,000 yuan and less than 10,000 yuan on it.

### SAFE DOCUMENT NO. 37 REGISTRATION

According to the Notice of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through Special-Purpose Companies (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (hereinafter referred to as safe document No. 37), which was promulgated by the State Administration of Foreign Exchange on 4 July 2014 and executed on the same date, for the purpose of investment and financing, domestic residents who directly establish or indirectly control overseas enterprises (hereinafter referred to as special purpose companies) with their legally held assets or interests of domestic enterprises, or with their legally held overseas assets or interests, need to apply to the State Administration of foreign exchange and its branches for foreign exchange registration procedures.

Safe document No. 37 further stipulates, before contributing capital to a special-purpose company with its legal assets or interests within or outside China, a domestic resident shall apply to the foreign exchange authority for undergoing the foreign exchange registration procedure for foreign investment. Where there is any change in the basic information of an overseas special-purpose company which has already been registered such as its domestic resident

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individual shareholder, name, or term of operation, or where a significant matter occurs such as a capital increase/decrease or equity transfer/replacement by a domestic resident individual, a combination, or a division, the foreign exchange modification registration procedure for foreign investment shall be undergone with the foreign exchange authority in a timely manner. Only after making foreign exchange modification registration for foreign investment may a domestic resident engage in the subsequent business operations (including the inward remittance of profits or dividends). If a domestic resident fails to handle the relevant foreign exchange registration in accordance with the regulations, the State Administration of foreign exchange may impose a fine on him.

### LAWS AND REGULATIONS RELATED TO DIVIDEND DISTRIBUTION

The dividend distribution of foreign-funded enterprises is mainly regulated by the Company Law of the People’s Republic of China (the “**Company Law**”), which was promulgated on 29 December 1993 and amended on 26 October 2018. According to the provisions of the Company Law, when distributing the after tax profits of the current year, our Company shall allocate 10% of the after tax profits to our Company’s statutory reserve fund. Unless otherwise stipulated by the relevant laws and regulations of foreign-funded enterprises, if the accumulated amount of our Company’s statutory reserve fund is more than 50% of our Company’s registered capital, it may not be withdrawn. If our Company’s statutory reserve fund is not sufficient to cover the losses of the previous year, the profits of the current year shall be used to cover the losses before the statutory reserve fund is drawn in accordance with the provisions of the preceding paragraph.

### LAWS AND REGULATIONS RELATING TO TRANSFER PRICING

Pursuant to the EIT Law, the EIT implementation rules, the Announcement of the State Administration of Taxation on Matters Relating to Improved Administration of Related Party Declarations and Contemporaneous Documentation(《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》), promulgated by the SAT on 29 June 2016 and became effective from 29 June 2016, and the Announcement of the State Administration of Taxation on Promulgation of the Administrative Measures on Special Tax Investigation, Adjustment and Mutual Agreement Procedure (國家稅務總局關於發佈《特別納稅調查調整及相互協商程式管理辦法》的公告), promulgated by the SAT on 17 March 2017 and became effective from 1 May 2017 and amended on 15 June 2018, transactions in respect of the purchase, sale and transfer of products, labour service transactions between, among others, enterprises under direct or indirect control by the same third party are regarded as related party transactions. Related party transactions should comply with the arm’s length principles and if the related party transactions fail to comply with the arm’s length principle, which results in the reduction of the enterprise’s taxable income, the tax authority has the power to make special tax adjustments in accordance with certain procedures. An enterprise may propose the pricing principle and computation method for business dealings between the

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enterprise and its related parties to the tax authorities. Predetermined pricing arrangements shall be concluded after negotiation and confirmation between the tax authorities and the enterprise. Any enterprises entering into related party transactions shall submit an annual related party transactions report to the tax authorities when filing annual income tax returns, and shall also prepare the contemporaneous documentation for its related party transactions for the tax year in accordance with the tax authorities’ requests.

### LAWS AND REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

According to 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》), which was promulgated by the China Securities Regulatory Commission on 17 February 2023 and executed on 31 March 2023, a domestic companies issuing and listing overseas shall, in accordance with these Measures, file with the CSRC, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain the shareholder information. Where a domestic companies indirectly issues and listings overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

### LAWS AND REGULATIONS IN HONG KONG

This section sets out an overview of material laws, regulations and rules applicable to the Group’s business in Hong Kong.

### LAWS AND REGULATIONS RELATING TO TRANSFER PRICING IN HONG KONG

Pursuant to Section 20A of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (“IRO”), a non-Hong Kong resident person shall be chargeable to tax either directly or in the name of his agent in respect of all his profits arising in or derived from Hong Kong from any trade, profession or business carried on in Hong Kong whether such agent has the receipt of the profits or not, and the tax so charged whether directly or in the name of the agent shall be recoverable by all means provided in IRO out of the assets of the non-resident person or from the agent. The Inland Revenue Department (“IRD”) may also make transfer pricing adjustments by disallowing expenses incurred by Hong Kong resident under sections 16(1), 17(1)(b) and 17(1)(c) of IRO. Assessors of the IRD are also empowered to disregard certain transactions or dispositions if they are of the opinion that the transactions or dispositions are artificial or fictitious under section 61 of the IRO. With regard to a transaction which has, or would have had the effect of conferring a tax benefit on a person, under section 61A of the IRO, an assistant commissioner of the IRD, having regard to the background and effect of the transaction, has the power to assess the



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liability to tax of the relevant person as if the transaction or any part thereof had not been entered into or carried out or in such other manner as the assistant commissioner considers appropriate to counteract the tax benefit which would otherwise be obtained.

In 2009, the IRD released Departmental Interpretation and Practice Notes No.45 (“**DIPN 45**”) and No.46 (“**DIPN 46**”). DIPN 45 provides that where double taxation arises as a result of transfer pricing adjustments made by the tax authorities of another country, a Hong Kong taxpayer may potentially claim relief under the treaty between Hong Kong and that country (countries entered into tax arrangements with Hong Kong includes the PRC). DIPN 46 provides clarifications and guidance on the IRD’s views on transfer pricing and how it intends to apply the existing provisions of the Inland Revenue Ordinance to establish whether related parties are transacting at arm’s length prices.

On 13 July 2018, the Inland Revenue (Amendment) (No. 6) Ordinance 2018 (“**Amendment Ordinance No.6**”) was gazette and become effective. The Amendment Ordinance No. 6 introduces provisions for a statutory transfer pricing regime and for transfer pricing documentation in Hong Kong. According to the Amendment Ordinance No.6, where a transaction between two related persons does not comply with the arm’s length principle and has created tax advantage, the IRD is empowered to adjust the profits or losses of that person. The major provisions under the Amendment Ordinance No. 6 start to apply for years of assessment commencing from 1 April 2018.