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## REGULATORY OVERVIEW

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### OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

#### I. Laws and Regulations Relating to Foreign Investment

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress of the PRC (the “**SCNPC**”) on December 29, 1993 and came into effect on July 1, 1994. The PRC Company Law was subsequently amended in 1999, 2004, 2005, 2013, 2018 and 2023. The latest amended PRC Company Law became effective on July 1, 2024. The PRC Company Law generally governs two types of companies — limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the shareholders of a limited liability company is liable to the company to the extent of the amount of capital contributions they have made; while the shareholders of a joint stock limited company is liable to the company to the extent of shares they have subscribed for. The PRC Company Law also applies to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail.

On December 30, 2019, the Ministry of Commerce of the PRC (the “**MOFCOM**”) and the State Administration for Market Regulation (the “**SAMR**”) promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which came into effect on January 1, 2020. Where foreign investors carry out investment activities directly or indirectly within the PRC, foreign investors or foreign-invested companies shall report investment information to commerce departments. On September 6, 2024, MOFCOM and the National Development and Reform Commission (the “**NDRC**”) promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List (2024)**”), which became effective on November 1, 2024. Fields that are not included in the Negative List (2024) shall be regulated according to the principle of equal treatment of domestic and foreign investments.

On March 15, 2019, the NPC promulgated the Foreign Investment Law (《中華人民共和國外商投資法》), and on December 26, 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》) (the “**Implementing Rules**”), to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both took effect on January 1, 2020 and replaced the Sino-foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》). Pursuant to the Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of

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## REGULATORY OVERVIEW

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other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Implementing Rules further provide that foreign-invested enterprises that invest in the PRC shall also be governed by the Foreign Investment Law and the Implementing Rules.

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

Pursuant to the Administrative Measures for Outbound Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise, or the investor, making an outbound investment shall obtain approval or conduct record-filing for outbound investment projects, report relevant information, and cooperate with the supervision and inspection. Sensitive projects carried out by investors directly or through overseas enterprises controlled by them shall be subject to approval, specifically, including projects involving sensitive countries and regions and sensitive industries; non-sensitive projects directly carried out by investors, namely, non-sensitive projects involving investors’ direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing.

## II. Laws and Regulations Relating to Import and Export of Goods

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the “**Foreign Trade Law**”), promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, since December 30, 2022, no registration of foreign trade operators is required. The PRC government allows the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations. Before December 30, 2022, a foreign trade operator who is engaged in the import and export of goods or technologies shall process the filing and registration with the foreign trade authority under the State Council or its entrusted agencies, unless otherwise provided by the laws, administrative regulations and requirements of the foreign trade authority under the State Council. Where a foreign trade operator fails to do so, Customs shall not handle the formalities for declaration and clearance of the goods imported or exported by the operator.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021 and effective on the same date, the Customs of the People’s Republic of China is the entry and exit customs supervision and administration authority of PRC. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics and handles other customs operations.

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## REGULATORY OVERVIEW

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Pursuant to the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), promulgated by the General Administration of Customs on November 19, 2021, and effective as of January 1, 2022, customs declaration entities are defined as consignees and consignors of import and export goods, as well as customs declaration enterprises registered with customs. To apply for recordation, consignees, consignors, and customs declaration enterprises must first obtain market entity qualification. Additionally, consignees and consignors of import and export goods must also complete foreign trade operator recordation. The recordation of customs declaration entities is valid indefinitely, whereas temporary recordation is valid for one year and may be renewed upon expiration through reapplication.

### III. Laws and Regulations Relating to Safe Production

The Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) was promulgated by the SCNPC on June 29, 2002, which was implemented on November 1, 2002 and latest revised on June 10, 2021. Production and business entities shall abide by this Law and other laws and regulations concerning work safety, strengthen work safety management, establish and improve a work safety responsibility system and work safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in work safety, improve work safety conditions, strengthen standardization and informatization of work safety, construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, raise work safety levels, and ensure work safety. The law stipulates provisions on guarantee of safety by production and business operation entities, rights and obligations of employees relating to work safety, supervision and administration of work safety, emergency rescue, investigation, and handling of work safety accidents and legal responsibilities.

Pursuant to the Measures for the Administration of the “Three Simultaneities” System for Safety Facilities in Construction Projects (《建設專案安全設施“三同時”監督管理辦法》), promulgated by the former State Administration of Work Safety (now restructured as the Ministry of Emergency Management) on December 14, 2010 and amended on April 2, 2015, the safety facilities in any newly constructed, reconstructed, or expanded construction project shall be designed, constructed, and commissioned simultaneously with the principal part of the project. Project entities are obligated to conduct safety condition demonstration and pre-assessment for construction projects, prepare specialized safety facility design documentation, submit such documentation to the competent work safety regulatory authority for review or record-filing, and complete safety facility acceptance procedures along with preparing inspection reports in accordance with regulatory requirements.

### IV. Laws and Regulations Relating to Hazardous Chemicals and Precursor Chemicals

Pursuant to the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), initially promulgated on January 26, 2002 and subsequently amended on March 2, 2011 and December 7, 2013, it is strictly prohibited for any entity or individual to engage in the production, storage, use, operation, transportation, or any other business activities involving

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## REGULATORY OVERVIEW

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hazardous chemicals without obtaining proper authorization. Entities storing hazardous chemicals must implement comprehensive safety measures, including the installation of prominent signage on transportation pipelines, regular inspection and testing of pipeline integrity, and the display of clear safety warning signs in all work areas, safety facilities, and equipment installations. Such entities are required to establish, maintain, and regularly upgrade their safety facilities and equipment in compliance with national and industry standards, taking into account the specific classification and hazard characteristics of the stored chemicals. Entities storing highly toxic chemicals or hazardous chemicals that constitute a significant hazard source must report detailed information including storage quantities, precise locations, and designated management personnel to both the work safety supervision department and the public security agency at the county-level local government. Any enterprise engaged in the production of chemicals listed in the Catalogue of Hazardous Chemicals must obtain a Hazardous Chemicals Work Safety Permit in accordance with the Regulation on Work Safety Permits prior to commencing production activities.

Pursuant to the Regulation on the Administration of Precursor Chemicals (《易制毒化學品管理條例》), promulgated on August 26, 2005 and subsequently amended on July 29, 2014, February 6, 2016, and September 18, 2018, the State implements a category-based management and licensing system governing the production, operation, purchase, transportation, import, and export of precursor chemicals. Precursor chemicals are classified into three categories, with Category I comprising major substances used in drug production, while Categories II and III encompass chemical auxiliary substances utilized in drug manufacturing. For pharmaceutical precursor chemicals falling under Category I, entities purchasing precursor chemicals must obtain a purchase license through examination and approval by the medical products administration of the provincial-level people’s government, autonomous region, or municipality directly under the Central Government where entities operate; for non-pharmaceutical precursor chemicals classified under Category I, entities purchasing precursor chemicals are required to secure a purchase license following examination and approval by the public security organ of the provincial-level people’s government, autonomous region, or municipality directly under the Central Government where entities operate; for precursor chemicals categorized under Category II or III, entities purchasing precursor chemicals must report the specific varieties and required quantities to the public security organ of the local people’s government at or above the county level for registration prior to procurement.

According to the Measures for the Administration of Public Security Control over Explosive Precursor Chemicals (《易制爆危險化學品治安管理办法》) issued by the Ministry of Public Security on July 6, 2019, enterprises that have legally obtained the Work Safety License for Hazardous Chemicals, the Safe Use License for Hazardous Chemicals, or the Business License for Hazardous Chemicals may purchase explosive precursor chemicals by presenting the corresponding licenses.

### **V. Laws and Regulations Relating to Product Quality**

Pursuant to the provisions of the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and amended on July 8, 2000, August 27, 2009 and December 29, 2018 respectively, all producers and sellers who engage in production and sales activities in the PRC shall establish and improve the internal product quality management system,

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## REGULATORY OVERVIEW

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and strictly implement position-based quality regulations, quality responsibilities and corresponding assessment measures. Where any producer or seller violates the responsibilities and obligations of the Product Quality Law, and cause losses or personal or property damages to consumers, it shall be liable for compensation. The competent authority may take administrative penalties against any illegal acts, such as ordering to suspend production, confiscating illegally produced or sold products, imposing a fine, confiscating illegal gains (if any), and revoking the business licence in case of a serious violation. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

### **VI. Laws and Regulations Relating to Environmental Protection**

#### **1. *Environmental Protection Law***

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) was promulgated and came into effect on December 26, 1989, and was most recently amended on April 24, 2014. The Environmental Protection Law was established to protect and improve both the living and ecological environments, prevent and control pollution and other public hazards, and safeguard public health.

According to the provisions of the Environmental Protection Law, in addition to other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to an environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorisation from the relevant government agencies.

#### **2. *Construction Project Environmental Protection***

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on December 29, 2018 and came into effect on the same day, the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same day, the PRC implements an environmental impact assessment system for construction projects. Prior to the commencement of a construction project, the construction entity must submit an environmental impact report, an environmental impact statement for approval, or an environmental impact registration form for record-filing, as required by the competent environmental protection administrative department under the State Council. Furthermore, upon completion of a construction project for which an environmental impact report or



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## REGULATORY OVERVIEW

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statement has been prepared, the construction entity must conduct an acceptance inspection of the supporting environmental protection facilities in accordance with the standards and procedures prescribed by the competent environmental protection administrative department under the State Council, and prepare an acceptance report. For projects constructed or put into operation in phases, the corresponding environmental protection facilities must undergo phased acceptance inspections. The construction project may only be put into production or use after the supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not undergone or failed the acceptance inspection are prohibited from being put into production or use.

### 3. *Prevention and Control of Various Types of Pollution*

The Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), as promulgated on May 11, 1984 and last amended on June 27, 2017, the Law on Prevention and Control of Atmospheric Pollution of the PRC (《中華人民共和國大氣污染防治法》), as promulgated on September 5, 1987 and last amended on October 26, 2018, the Law on Prevention and Control of Environmental Noise Pollution of the PRC (《中華人民共和國噪聲污染防治法》), which was promulgated on December 24, 2021, and the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was promulgated on October 30, 1995 and last amended on April 29, 2020, prescribe the requirements for the prevention and control of water pollution, atmospheric pollution, noise pollution and solid waste respectively.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》), which was promulgated on April 1, 2024 and implemented on July 1, 2024, and the Regulations on the Administration of Pollution Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and took effect on March 1, 2021, enterprises, public institutions and other producers and operators under the administration of discharge permits shall apply for and obtain a pollutant discharge license and discharge pollutants in accordance with the provisions of the discharge permit. Any enterprise that fails to obtain a pollutant discharge license as required shall not discharge pollutants.

## VII. Laws and Regulations Relating to Fire Prevention

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the “**Fire Prevention Law**”) was issued by the SCNPC on April 29, 1998, became effective on September 1, 1998 and was last amended and implemented on April 29, 2021. According to the Fire Prevention Law, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. Pursuant to the Fire

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## REGULATORY OVERVIEW

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Prevention Law, the construction project that fails to complete as-built acceptance check on fire prevention shall be ordered by the competent government authorities to close and shall be fined not less than RMB30,000 but not more than RMB300,000.

According to Interim Regulations on Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) issued by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, last amended on August 21, 2023 and effective on October 30, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

### VIII. Laws and Regulations Relating to Employment and Labour Security

#### 1. *Labour Law and Labour Contracts*

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

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

#### 2. *Despatched Workers*

According to the Interim Provisions on Labour Despatch (《勞務派遣暫行規定》) issued on January 24, 2014 and implemented on March 1, 2014 by the Ministry of Human Resources and Social Security, employers may only use despatched workers for temporary, ancillary or substitute positions. The aforementioned temporary positions shall mean positions lasting for no more than six months; ancillary positions shall mean positions of non-major business that serve positions of major business; and substitute positions shall mean positions that can be substituted by other workers for a certain period of time during which the workers who originally held such positions are unable to work as a result of full-time study, being on leave or other reasons. According to the Interim Provisions on Labour Despatch, the employers

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## REGULATORY OVERVIEW

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should strictly control the number of despatched workers, and the number of the despatched workers shall not exceed 10% of the total amount of their employees (including the aggregate number of employees and despatched workers).

Pursuant to the Interim Provision on Labour Despatch, the Labour Contract Law of the PRC and the Implementation Rules for the Labour Contract Law of the PRC, employers failing to comply with the relevant labour dispatch requirements shall be ordered by labour administrative authorities to rectify the non-compliance within a specified period. Failure to rectify within the stipulated period may result in a penalty of RMB5,000 to RMB10,000 per despatched worker exceeding the 10% threshold.

### **3. *Social Insurance and Housing Fund***

According to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》), last amended by the SCNPC and effective as of December 29, 2018, and the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》), last amended by the State Council and effective as of March 24, 2019, as well as other relevant laws and regulations, employers in PRC are obligated to provide employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing provident fund.

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

### **4. *Prevention and Control of Occupational Diseases***

Pursuant to the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), promulgated on October 27, 2001 and subsequently amended on December 31, 2011, July 2, 2016, November 4, 2017, and December 29, 2018, employers are obligated to provide work environments and conditions that comply with national occupational health standards and requirements. Employers must implement measures to ensure occupational health protection for workers, establish and improve responsibility systems for occupational disease prevention and control, strengthen management in this area, enhance prevention and control capabilities, and assume liability for any occupational disease-related harm. Employers whose workplaces contain occupational disease hazard factors listed in the official catalogue must declare such hazardous items to local health administrative departments and accept supervision. For new construction, expansion, reconstruction projects, or technical transformation/technology introduction projects that may generate occupational hazards, the construction entity must conduct occupational hazard pre-assessments during the feasibility study stage. The construction entity shall incorporate necessary expenses for occupational disease protection facilities into the project budget and ensure simultaneous design, construction, and commissioning of such



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## REGULATORY OVERVIEW

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facilities with the main project. Prior to project completion acceptance, the construction entity must evaluate the effectiveness of occupational hazard control measures. For occupational disease protection facilities in construction projects (excluding those for radioactive occupational disease hazards in medical institutions), the construction entity must organize official acceptance inspections; the project may only commence operations after passing such acceptance procedures.

### IX. Laws and Regulations Relating to Intellectual Property Rights

#### 1. *Patent*

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

#### 2. *Trademark*

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

#### 3. *Copyright*

According to the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), last amended by the SCNPC on November 11, 2020, and effective as of June 1, 2021, works of Chinese citizens, legal persons, or unincorporated organizations-defined as intellectual achievements in the fields of literature, art, and science that are original and can

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## REGULATORY OVERVIEW

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be expressed in a certain form, whether published or not—are entitled to copyright protection in accordance with the law. Copyright encompasses a series of personal and property rights, including but not limited to the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work, and the right of reproduction.

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

### 4. *Domain Name*

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

## X. **Laws and Regulations Relating to Tax**

### 1. *Enterprise Income Tax*

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

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## REGULATORY OVERVIEW

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worldwide income. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a 15% preferential tax rate for Enterprise Income Tax.

### 2. *Value-Added Tax*

Pursuant to the Provisional Regulations on Value-Added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993, most recently amended on November 19, 2017 and effective on the same date, and the Detailed Rules for the Implementation of the Interim Regulations 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 December 25, 1993 most recently amended on October 28, 2011, and effective on November 1, 2011, all entities and individuals engaged in sale of goods or provision of processing, repair and maintenance services or importation of goods in mainland China are subject to the Value-Added Tax (the “**VAT**”). Unless otherwise specified in the above-mentioned regulations, the VAT rate is generally 17% in respect of the sale or importation of goods by taxpayers.

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

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

## XI. Laws and Regulations Relating to Foreign Exchange

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

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## REGULATORY OVERVIEW

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

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

## XII. Laws and Regulations Relating to Overseas Securities Offering and Listings

### 1. *Overseas Securities Offering and Listings*

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

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## REGULATORY OVERVIEW

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

### **2. Confidentiality and Archives Administration**

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