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Our business has been and will continue to be governed in accordance with the relevant Chinese laws and regulations, which were promulgated and implemented by Chinese government authorities, including national and local laws and regulations related to logistics and supply chain business, supply chain financial services, IoV and data services. A summary of the regulatory and legal requirements currently related to the Company’s business are set out in this section. As laws and regulations may change, it is difficult for us to predict the impact of such changes on our business and the additional compliance costs.

### REGULATIONS REGARDING THE LOGISTICS AND SUPPLY CHAIN BUSINESS

#### Regulations Regarding Road Transport

According to the Law of the PRC on Road Traffic Safety\* (《中華人民共和國道路交通安全法》) promulgated on 28 October 2003 and revised and taking effect respectively on 29 December 2007, 22 April 2011 and 29 April 2021 by the Standing Committee of the National People’s Congress, the department for public security under the State Council shall be in charge of the administrative work for road traffic safety nationwide. The traffic control department of the public security organs under the local people’s governments at or above the county level shall be in charge of the administrative work for road traffic safety within their respective administrative areas. The traffic control departments and the construction administration departments under the people’s governments at or above the county level shall be in charge of relevant road traffic work in compliance with their respective duties. The PRC practices a registration system for motor vehicles. A motor vehicle shall be driven on roads only after it is registered with the traffic control department of a public security agency/authority. Where a motor vehicle is not yet registered but needs to be driven on roads temporarily, a temporary pass shall be obtained. Motor vehicles permitted for registration shall conform to the PRC safety and technical standards applicable to them. A motor vehicle shall undergo safety and technical inspection when an application for registration is submitted. However, with respect to those models of motor vehicles which are manufactured by enterprises approved by the government department responsible for motor vehicle products under the PRC safety and technical standards for motor vehicles, if the new vehicles of such models meet the said standards upon inspection conducted before they leave the plant and the quality inspection certificates are granted, they shall be exempted from safety and technical inspection.

According to the Regulation of the PRC on Road Transport\* (《中華人民共和國道路運輸條例》) promulgated by the State Council on 30 April 2004 and revised on 9 November 2012, 6 February 2016, and 2 March 2019 respectively, the transport administration department of the State Council is in charge of the road transport administration of the whole country. The administrative department of transport of the people’s government at the county level or above is responsible for organising and leading the road transport administration within its own administrative area. The road transport administrative department at or above the county level is responsible for carrying out the specific administration work in relation to road transport. Anyone who wishes to engage in freight transport business shall: (i) have vehicles that can meet the demand of its business operations and that have passed inspection, (ii) have drivers that meet the requirements as described in the present regulation, and (iii) have internal controls regarding safe operations. The road transport administrative department will issue a road transport business operation licence upon receipt of the application and granting permission thereof. Anyone who fails to obtain the road transport business operation licence and engages in road transport operations without authorisation will be in violation of the provisions of the Regulation, and the road transport administrative department at or above the county level shall order the person to cease his operations. If there is illegal income, the road transport administrative department at or above the county level shall confiscate his illegal

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income and may concurrently impose a fine of not less than two times, but not more than ten times the value of the illegal income. If there is no illegal income or the illegal income is less than RMB20,000, the road transport administrative department at or above the county level shall impose a fine of not less than RMB30,000, but not more than RMB100,000. If the case constitutes a crime, the person shall be investigated for criminal liabilities according to law.

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》) (Jiao Tong Yun Shu Bu Ling [2019] No. 17) promulgated by the Ministry of Transport on 16 June 2005 and revised on 23 July 2008, 20 April 2009, 14 March 2012, 11 April 2016 and 20 June 2019 respectively, the Ministry of Transport shall be responsible for the management of road freight transport and road freight transport stations throughout the country. The transport administrative departments of the people's governments at or above the county level shall be responsible for organising and leading the management of road freight transport and road freight transport stations within their respective administrative areas. The road transport administrative departments at or above the county level shall execute the management of road freight transport and road freight transport stations within their respective administrative areas. Anyone applying to engage in the business of road freight transport shall meet the following conditions: (i) having freight vehicles that can meet the demand of business operations and that stand upon testing, (ii) having qualified drivers, and (iii) having sound health and Safety Rules including but not limited to. Anyone applying to engage in the business of road freight transport stations shall meet the following requirements: (i) having road freight transport station, control office, information management centre, warehouse, storage room or booth, road and other facilities that the project completion verification and acceptance approved by the relevant department upon object completion, (ii) Having safety, fire control, loading and unloading, telecommunication and measurement equipment that can meet the demand of its business scale, (iii) Having managerial personnel and professional personnel that can meet the demand of its scale and type of business, and (iv) Having sound business operating procedures and rules and bylaws regarding work safety. The road transport administrative departments shall, in accordance with the Regulation of the PRC on Road Transport, the Provisions on the Procedures for the Implementation of Communications Administrative Licence and the procedures as specified in the Provisions, grant the administrative licence to business operations of road freight transport and road freight transport stations. Anyone who violates the Provisions and commits any of the following acts shall be ordered by the road transport administrative department at or above the county level to cease his operations: (i) failure to obtain the permit for road freight transport business in accordance with the Provisions but engaging in business operations of road freight transport without authorisation, (ii) engaging in business operations of road freight transport with invalid permits for road transport business such as forged, mutilated, or canceled permits, and (iii) engaging in business operations of road freight transport beyond the scope of authorisation. If there is illegal income, the road transport administrative department at or above the county level shall confiscate his illegal income and may concurrently impose a fine of not less than two times, but not more than ten times the value of the illegal income. If there is no illegal income or the illegal income is less than RMB20,000, the road transport administrative department at or above the county level shall impose a fine of not less than RMB30,000, but not more than RMB100,000. If the case constitutes a crime, the person shall be investigated for criminal liabilities according to law.

According to the Notice on the Printing and Distribution of the Work Plan for the Treatment of Vehicle Transporters\* (《關於印發<車輛運輸車治理工作方案>的通知》) (Jiao Ban Yun [2016] No. 107) promulgated by the Ministry of Transport, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (AQSIQ) (abolished) and which took effect on 10 August 2016, the

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transport administrative departments at the provincial level shall, in conjunction with the administrative departments for industry and information technology and the traffic control departments of the public security organs, order passenger car manufacturers and automobile logistics companies to max loading capacity, revise transport plans, negotiate freight rates, and adjust transport contracts according to the max loading capacity requirements of this Notice. Automobile logistics companies shall phase out non-compliant vehicles or convert them into vehicles that meet standards as soon as possible, scientifically formulate vehicle renewal and purchase plans, strengthen driver education and management, and earnestly assume their principal responsibilities for work safety.

According to the Notice on Bettering the Governance of Vehicle Transportation\* (《關於進一步做好車輛運輸車治理工作的通知》) (Jiao Ban Yun Han [2016] No. 1034) promulgated by the Ministry of Transport and taking effect on 13 September 2016, the transport administrative departments at the provincial level shall, in conjunction with the local administrative departments for industry and information technology and the local traffic control departments of the public security organs, carry out on-site supervision and inspection on key passenger car manufacturers and automobile logistics companies within their jurisdictions. They shall urge passenger car manufacturers to adjust transport prices and contracts in a timely manner as required by the notice, optimise the layout of vehicle production and sales networks, and load and transport according to law. They shall urge automobile logistics companies to complete the rectification of "vehicles with double-row benches", optimise the transport organisation model, take advantages of integrated transport, alleviate the impact of reduced transport capacity and increased freight rates in a timely manner, and complete vehicle renewal and replacement as required.

According to the Notice of the General Office of the Ministry of Transport on Further Strengthening the Monitoring of the Informatisation of Road Freight Transport on Network Platforms\* (《交通運輸部辦公廳關於進一步做好網絡平台道路貨物運輸信息化監測工作的通知》) (Jiao Ban Yun Han [2020] No. 1520) promulgated by the Ministry of Transport and taking effect on 19 September 2020, the transport administrative departments at the provincial level shall actively take vigorous measures to guide and regulate the development of new forms of road freight transport on network platforms, in accordance with the plan of promoting the development of road freight transport on network platforms. According to the Notice of the Ministry of Transport and the State Taxation Administration on Printing and Distributing the Interim Measures for the Operation and Management of Road Freight Transport on Network Platforms\* (《交通運輸部國家稅務總局關於印發〈網絡平台道路貨物運輸經營管理暫行辦法〉》) (Jiao Yun Gui [2019] No. 12) and the Notice of the General Office of the Ministry of Transport on Printing and Distributing Three Guides including the <Guide for the Operating Service of Road Freight Transport on Network Platforms>\* (《交通運輸部辦公廳關於印發〈網絡平台道路貨物運輸經營服務指南〉等三個指南的通知》) (Jiao Ban Yun Han [2019] No. 1391), the transport administrative departments at the provincial level shall accelerate the construction of a provincial-level network freight monitoring system, further improve the comparison and verification functions of monitoring systems, refine the rules of logical comparison between the data items in the waybill and the detailed transactional records in the bank statements, and see that the logical relationship of the data items is reasonable. The transport administrative departments at the provincial level shall, by analysing and comparing the network freight big data, strengthen multi-dimensional closed-loop monitoring and avoid purposeful or replacement misfiling of information, missing documents, and uploading false documents, to effectively improve the quality of network freight monitoring data. According to the Regulations on Road Freight Transport and Station Management\* (《道路貨物運輸及站場管理規定》), Regulations on the Management of Road Transport Practitioners\* (《道路運輸從業人員管理規定》), Road Transportation Automobile Dynamic Supervision Management Measures\* (《道路運輸車輛動態監督管理辦法》), and other rules and regulations, if an

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network freight enterprise has abnormal qualification, abnormal network access, abnormal trajectory, abnormal fund payment, out-of-range operation, over-limit and overloaded transport, and other abnormalities, the network freight enterprise will be investigated and prosecuted according to law. Relying on the statistical data of the Ministry's network freight information interaction system, the transport administrative departments at the provincial level shall conduct a comprehensive evaluation of the supervision of network freight in each province on a quarterly basis, and make public the evaluation results in a proper way. The transport administrative departments at the provincial level shall formulate an evaluation index system that adapts to local conditions of each province with reference to the Index System for Monitoring and Evaluating the Informatization of Network Freight\* (《網絡貨運信息化監測評估指標體系》). They shall conduct a systematic evaluation of the network freight operation of the each province, perfect the relevant credit evaluation mechanism, and urge the standardisation of operation of network freight enterprises. With respect to transport, network freight operators must conduct an annual review of the qualifications of the actual carriers and drivers involved in freight transport, to see that the actual carrier's qualifications are legal and effective and the transport vehicles and drivers are consistent with online records and offline. With respect to tax planning, the operations of network freight operators shall comply with the requirements of the relevant regulations of the State Administration of Taxation; and network freight operators shall not engage in over-limit and overloaded freight transport, nor fabricate transport transactions or arbitrarily issue invoices to deduct taxes. For instance, network freight operators shall implement real-time monitoring and dynamic management of the trajectory and transaction settlement of actual transport vehicles throughout the whole process of freight transport.

### REGULATIONS REGARDING AUTOMOBILE SALES AND AUTOMOBILE AFTERMARKETS

According to the Regulations on the Technical Management of Road Transportation Automobiles\* (《道路運輸車輛技術管理規定》) (Jiao Tong Yun Shu Bu Ling [2019] No. 19) issued by the Ministry of Transport on 22 January 2016 and revised and taking effect on 21 June 2019, road transport operators shall establish a vehicle maintenance system. Vehicle maintenance is classified into routine maintenance, primary maintenance, and secondary maintenance. Drivers shall perform routine maintenance, and road transport operators shall organise and perform primary and secondary maintenance and keep record of such maintenance. These regulations make it explicit that road transport operators shall perform secondary maintenance on their own automobiles, to see that the automobiles put into operation meet the technical management requirements, and will not require additional quality inspections. Road transport operators who are not capable of performing secondary maintenance may entrust a motor vehicle maintenance operator of Class II or above to do so. After completing the secondary maintenance, the motor vehicle maintenance operator shall issue the factory certificate of secondary maintenance.

According to the Law of the PRC on Protection of the Rights and Interests of the Consumers\* (《中華人民共和國消費者權益保護法》) promulgated by the Standing Committee of the National People's Congress on 31 October 1993, revised on 27 August 2009 and 25 October 2013, and taking effect on 15 March 2014, in purchasing and utilising commodities or accepting services, the consumers enjoy the inviolable right of the personal and property safety. The consumers have the right to demand the commodities or services provided by the operators accord with the requirements of ensuring the personal and property safety. Industrial and commercial administration departments of the people's governments at various levels and other relevant administrative departments shall, in accordance with the provisions of laws and regulations and within their respective scopes of functions and duties, adopt measures to protect the lawful rights and interests of the consumers.

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### REGULATIONS REGARDING THE SUPPLY CHAIN FINANCIAL SERVICE

#### Regulations Regarding Financial Leasing

Pursuant to the Notice on Issues Relating to Undertaking Financial Leasing Business\* 《商務部、國家稅務總局關於從事融資租賃業務有關問題的通知》(Shang Jian Fa [2004] No. 560) issued by MOFCOM and SAT on 22 October 2004, the registered capital of domestic leasing enterprise established before (including) 31 August 2001 shall be no less than RMB40.0 million; the registered capital of domestic leasing enterprise established between 1 September 2001 and 31 December 2003 shall be no less than RMB170.0 million.

The Ministry of Commerce promulgated the Administrative Measures on Supervision of Financial Leasing Enterprises\* (《融資租賃企業監督管理辦法》) ((Shang Liu Tong Fa [2013] No. 337) “Financial Leasing Enterprise Measures”) on 18 September 2013, which took effect on 1 October 2013, to strengthen the supervision of the financial leasing industry, regulate the operation behaviour of finance leasing companies, prevent industry risks, and promote the healthy and orderly development of the financial leasing industry. Pursuant to the Financial Leasing Enterprise Measures, finance leasing companies may, by observing the requirements of relevant laws, rules and regulations, carry out the financial leasing business in the forms of direct leasing, subleasing, leaseback, leveraged leasing, entrusted leasing, and joint leasing. Financial leasing companies shall establish and perfect their financial and internal risk control systems, and the risk assets of financial leasing companies shall not exceed the total sum of net assets by ten-fold. Risk assets usually refer to the total adjusted assets of financial leasing companies excluding cash, bank deposits, sovereign bonds, and entrusted assets. Financial leasing companies shall operate their financial leasing business with the leased property that has clear indication of ownership, genuine existence and capable of generating income. Financial leasing companies are prohibited from engaging in financial businesses such as absorbing deposits and providing loans or entrusted loans, and without the approval of relevant authorities, shall not engage in inter-bank lending and other businesses. In addition, financial leasing companies shall not carry out illegal fundraising activities in the name of financial leasing.

The State Council issued the Guiding Opinions of the General Office of the State Council on Accelerating Development of the Financial Leasing Industry\* (《國務院辦公廳關於加快融資租賃業發展的指導意見》) (Guo Ban Fa [2015] No. 68) on 31 August 2015 (taking effect in the same month), to further accelerate development of the financial leasing industry, and to better bring into play the role of financial leasing in serving the development of the real economy and promoting the stable growth, transformation and upgrading of the economy. The Guiding Opinions make it explicit that it is necessary to move forward the streamlining of administration and decentralisation in the financial leasing industry, straighten out the industry management system and improve the management system in related fields, and promote the innovative business model of integrating financial leasing companies and the Internet. It is also necessary to further strengthen the operational and post-operational oversight of financial leasing.

According to the Notice by the General Office of the Ministry of Commerce of Matters concerning the Adjustments to the Duties of Administration of Financial Leasing Companies, Commercial Factoring Companies and Pawnshops\* (《商務部辦公廳關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知》) (Shang Ban Liu Tong Han [2018] No. 165) promulgated by the Ministry of Commerce on 8 May 2018 (taking effect in the same month), the Ministry of Commerce has transferred the duties of developing business operation and supervision rules for financial leasing companies, commercial factoring companies and pawnshops to the China Bank and Insurance Regulatory Commission (hereinafter referred to as “CBIRC”), and, from 20 April 2018, the relevant duties shall be performed by the CBIRC.

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The CBIRC promulgated the Interim Measures for the Supervision and Administration of Financial Leasing Companies\* (《融資租賃公司監督管理暫行辦法》) ((Yin Bao Jian Fa [2020] No. 22) “Interim Measures for Financial Leasing”) on 26 May 2020, for the purposes of directing financial leasing companies’ business operation in compliance with laws and regulations and promoting the regulated development of the financial leasing industry. For the purposes of the Interim Measures for Financial Leasing, the financial leasing business means the transaction activity in which a lessor purchases a leased property from a seller and provides it for a lessee who pays rents according to the lessee’ selection of seller and leased property. A financial leasing company shall not carry out any of the following business or activities: (i) illegally raising funds, and absorbing deposits directly or in disguised form, (ii) granting loans directly or as entrusted, (iii) lending funds to any other financial leasing company directly or in disguised form, (iv) financing or transferring assets through an online loan information intermediary or a privately offered investment fund, and (v) other business or activities prohibited by laws and regulations, the CBIRC and the local financial regulatory departments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC (hereinafter referred to as the “Provincial Level”). The Interim Measures for Financial Leasing stipulate that the share of financial leasing and other leasing assets of financial leasing companies shall not be less than 60% of total assets; the total sum of risk assets of financial leasing companies shall not exceed net assets by eight times; the fixed income securities investment operations of financial leasing companies shall not exceed 20% of net assets. Financial leasing companies should also strengthen the management of key lessees, control the proportion of businesses with a single lessee and lessees that are related parties to effectively prevent and diversify business risks. The Interim Measures for Financial Leasing also stipulate that the provincial people’s government is responsible for formulating policies and measures to boost the development of the financial leasing industry in the region, supervising and managing financial leasing companies, and dealing with the risks faced by financial leasing companies. The local financial regulatory departments at the Provincial Level are specifically responsible for the supervision and management of financial leasing companies in the region.

### REGULATIONS ON MORTGAGE REGISTRATION OF MOVABLE PROPERTY IN FINANCIAL LEASING

Pursuant to the Article 394 of the Civil Code of the PRC\* (《中華人民共和國民法典》) promulgated by the National People’s Congress on 28 May 2020 and taking effect on 1 January 2021, In the event that a debtor or a third party mortgage his property to the creditor without assigning the possession of such property in order to ensure the payment of debts, if the debtor fails to pay due debts or any circumstance as stipulated by the parties for realizing the mortgage occurs, the creditor has the right to seek preferred payments from such property. And the Article 403 stipulates that the mortgage of movable property shall be established from the effective date of the mortgage contract; without registration, the parties shall not challenge any bona fide third party.

Pursuant to the Article 54 of Interpretation of Supreme People’s Court on Application of the Security System under the Civil Code of the PRC\* (《最高人民法院關於適用〈中華人民共和國民法典〉有關擔保制度的解釋》) (Fa Shi [2020] No. 28) promulgated by the Supreme People’s Court on 31 December 2020 and taking effect on 1 January 2021, where no registration of mortgage is made after a contract for mortgage of movables is concluded, the validity of the right to mortgage the movables shall be respectively determined according to the following circumstances: (1) where the mortgagor has transferred the mortgaged property, and after the transferee has occupied the mortgaged property, the mortgagee requests the transferee to exercise his mortgage right, the people’s court shall not support such request, unless the mortgagee can provide evidence to prove that the transferee knows or should have known that the mortgage contract has been concluded; (2) where the mortgagor leases the mortgaged

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property to another person and transfers the possession of the property, and the mortgagee exercises his mortgage right, the leasehold relation shall not be affected, unless the mortgagee can provide evidence to prove that the lessee knows or ought to know that the mortgage contract has been concluded; (3) where other creditors of the mortgagor apply to the people's court for preservation or enforcement of the mortgaged property, and the people's court has made a ruling on property preservation or taken enforcement measures, if the mortgagee claims that he shall enjoy priority in payment with the mortgaged property, the people's court shall not support such claim; or (4) where the mortgagor goes bankrupt, and the mortgagee claims that he shall enjoy priority in payment with the mortgaged property, the people's court shall not support such claim. And the article 67 stipulates that the scope and effectiveness of a "bona fide third party" in a contract for retention of ownership sale or finance lease, etc., in which the ownership of the seller and the lessor cannot be challenged without registration, shall be determined by reference to the provisions of Article 54 of this Interpretation.

### REGULATIONS REGARDING COMMERCIAL FACTORING

According to the Notice of the General Office of the Ministry of Commerce on Bettering the Management of the Commercial Factoring Industry\* (《商務部辦公廳關於做好商業保理行業管理工作的通知》) (Shang Ban Zhi Han [2013] No. 718) issued by the Ministry of Commerce and taking effect on 15 August 2013, the competent commercial authorities in pilot areas shall establish a major event reporting system, and require commercial factoring companies in the region to log in to the information system to report the following events within five working days after the occurrence thereof: (i) changes to substantial shareholders with a shareholding in excess of 5%, (ii) significant connected transactions with the single amount exceeding 5% of net assets, (iii) significant debt with the single amount exceeding 10% of net assets, (iv) contingent liabilities with the single amount exceeding 20% of net assets, (v) significant loss or liability for compensation exceeding 10% of net assets, (vi) changes to the chairman of the board, the general manager and other senior management, (vii) capital reduction, merger, division, dissolution, and filing for bankruptcy, and (viii) material pending litigations and arbitration. The notice stipulates that the general managers of commercial factoring companies are the persons primarily responsible for major event reporting, who are also responsible for the authenticity, completeness, accuracy, and timeliness of the major event information. Commercial factoring companies shall also appoint contact persons to be specifically responsible for reporting on major events. The provincial competent commercial authorities in pilot areas shall establish a major event notification system, to facilitate the notification of changes in major events of commercial factoring companies to relevant departments and financial institutions in time.

According to the Notice of the General Office of the CBIRC on Strengthening the Supervision and Management of Commercial Factoring Enterprises\* (《中國銀保監會辦公廳關於加強商業保理企業監督管理的通知》) issued by the CBIRC on 18 October 2019 and revised and taking effect on 21 June 2021, commercial factoring enterprises shall comply with the following regulatory requirements: The accounts receivable transferred from the same debtor shall not exceed 50% of the total risk assets; the accounts receivable transferred from the affiliated enterprise as the debtor shall not exceed 40% of the total risk assets; the factoring financing funds that have not been recovered or realised overdue for more than 90 days shall be included in the management of non-performing assets; the accrued risk reserves shall not be less than 1% of the ending balance of the financing factoring business; and the risk assets shall not exceed net assets by ten times. At the same time, commercial factoring enterprises shall not engage in the following behaviours or business operations: (i) absorbing public deposits directly or in disguised form, (ii) financing through online loan information intermediaries, various local trading venues, asset management institutions, privately offered investment

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funds, and other organisations, (iii) lending funds to any other commercial factoring enterprise directly or in disguised form, (iv) granting loans directly or as entrusted, (v) specialising in or being entrusted to carry out collection business and debt collection business unrelated to commercial factoring, (vi) carrying out the factoring financing business based on illegal business contracts, consignment contracts, accounts receivable with unclear indication of ownership, or right to claim a payment resulting from bills or other marketable securities, and (vii) other activities that shall not be conducted as prescribed by the state.

### REGULATIONS REGARDING LOCAL FINANCIAL REGULATION

According to the Regulations of Shanghai Municipality on Local Financial Regulation\* (《上海市地方金融監督管理條例》) (“**Shanghai Financial Regulations**”) promulgated by the Standing Committee of Shanghai Municipality on 10 April 2020 and taking effect on 1 July 2020, to form a local financial institution in Shanghai, an applicant shall apply for a permit or the qualification for the pilot programme according to the provisions of the state. Local financial organisations includes petty loan companies, financing guarantee companies, regional equity markets, pawnshops, financing lease companies, commercial factoring companies and local asset management companies, as well as other organisations of financial nature under the supervision and administration of local people’s governments as prescribed by laws and administrative regulations or authorised by the State Council. The Shanghai Financial Regulations make it explicit that local financial organisations shall regulate operations according to law and strictly prevent risks and are prohibited from conducting the following activities: (i) absorbing deposits directly or in disguised form, (ii) lending or leasing licences or pilot documents, (iii) illegal investment as entrusted, or granting loans directly or as entrusted, and (iv) other activities prohibited by the state and this city. The Shanghai Financial Regulations also make it explicit that local financial organisations shall assume primary responsibilities for risk events in business activities, and shall promptly take measures to deal with risk events at the time of occurrence and report the events to local financial administration authorities. When a company operates businesses related to financial leasing and commercial factoring, it shall observe the Shanghai Financial Regulations and other local regulations.

According to the Notice on Promulgation of the Interim Measures for the Supervision and Administration of Commercial Factoring Companies in Shanghai\* (《關於印發〈上海商業保理公司監督管理暫行辦法〉的通知》) issued by the Shanghai Municipal Financial Regulatory Bureau on 3 November 2020 and taking effect on 1 January 2021, For application for establishment of a commercial factoring company in Shanghai and launch of commercial factoring business on a pilot basis, the registered capital shall not be less than 50 million yuan (or equivalent foreign currency), all capital contributions shall be made in monetary funds, and there is a specific and reasonable paid-up plan. A commercial factoring company shall comply with the following requirements in carrying out business activities prudently and effectively strengthen business risk management: (i) the amount of receivables transferred from the same debtor shall not exceed 50% of the total amount of risky assets; (ii) the amount of receivables transferred from its affiliate as the debtor shall not exceed 40% of the total amount of risky assets; (iii) the factoring financing funds that are overdue for 90 days or have not been recovered or realised shall be included in non-performing assets for management; (iv) it shall follow the principle of prudent operation and establish a system for accrual of risk reserves for asset losses; the accrued risk reserves shall not be less than 1% of the ending balance of the financing factoring business; and (v) the risky assets shall not exceed 10 times of its net assets.



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According to the Interim Measures for the Supervision and Management of Financial Leasing Companies in Shanghai (《上海市融資租賃公司監督管理暫行辦法》) (“Shanghai Financial Leasing Measures”) issued by the Shanghai Municipal Financial Regulatory Bureau on 26 July 2021 and taking effect on 1 October 2021, the following conditions shall be met for financial leasing companies established in Shanghai: (i) the registered capital shall not be less than RMB170.0 million (or an equivalent amount in foreign currency) and contributed in the form of monetary funds, and there shall be clear and reasonable actual contribution plans. (ii) a sound main internal control systems for the articles of association, financial management, and risk control shall be established, (iii) there shall be a clear development strategy and a clear profit and risk control model, (iv) shareholders shall be enterprise legal persons or other economic organisations (controlling shareholders are generally the legal persons that have been established for one year. Where eligible investors invest and establish financial leasing companies through their wholly-owned subsidiaries, the relevant subsidiaries are not required to exist for one year) with good credit and no major violations of laws and regulations or major bad credit records in the past three years, (v) shareholders’ contributed capital shall be their own monetary capital that is obtained from true and legal sources ; and controlling shareholders shall be in good financial condition and possess the capital strength and fund resources required for operating the financial leasing business, (vi) controlling shareholders (or actual controllers) shall undertake not to transfer the equity (shares) held directly or in disguised form within three years (other shareholders undertake within one year), which shall be stated in the articles of association of financial leasing companies, (vii) proposed directors, supervisors and senior management shall have good credit, necessary professional background and related experience and no major violations of laws and regulations or major bad credit records in the past three years, and at least one of the proposed senior management is a professional who is familiar with risk control and compliance management; and (viii) other conditions as stipulated by the national financial regulatory authorities. The Shanghai Financial Leasing Measures also stipulate that a financial leasing company shall not carry out any of the following business or activities: (i) illegally raising funds, and absorbing deposits directly or in disguised form, (ii) granting loans directly or as entrusted, (iii) lending funds to any other financial leasing company directly or in disguised form, (iv) financing or transferring assets through online loan information intermediaries, various local trading venues, unlicensed asset management institutions, and privately offered investment funds (other than equity financing carried out according to law, and unless otherwise specified by the state and this city), (v) lending or leasing qualifications for financial leasing, (vi) collecting debt or disposing of leaseholds using violence or by other illegal means, and (vii) other business activities prohibited by laws and regulations and industry regulations, the CBIRC and the local financial regulatory departments of provinces, autonomous regions and municipalities directly under the Central Government. In addition, the business regulation indicators of financial leasing companies as stipulated in the Shanghai Financial Leasing Measures are the same as those in the Interim Measures for Financial Leasing.

Article 595 of PRC Civil Code states that “A sales contract is a contract whereby the seller transfers the ownership of a subject matter to the purchaser, and the purchaser pays the price for it”. Article 1 of Provisions of the Supreme People’s Court on Several Issues Concerning the Application of Laws in the Hearing of Private Lending Cases (Revised for the Second Time in 2020) (“**Provisions of the Supreme People’s Court**”) states that “the term ‘private lending’ refers to the act of financing between natural persons, legal persons and unincorporated associations” and Article 10 states “In the case of a private lending contract concluded between legal persons, between unincorporated associations or between a legal person and an unincorporated association for the purpose of production or business operation, if the party claims the validity of the private lending contract, the People’s Court shall uphold such claim unless circumstances provided in Article 146, 153 or 154 of the Civil Code or Article 13 of these Provisions exist.”

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### REGULATIONS REGARDING INSURANCE BROKERAGE

According to the Provisions on the Supervision and Administration of Insurance Brokers\* (《保險經紀人監管規定》) (Bao Jian Hui Ling [2018] No. 3) promulgated by the China Insurance Regulatory Commission (abolished) on 1 February 2018 and taking effect on 1 May 2018, to engage in insurance brokerage business within the territory of the PRC, an insurance brokerage company shall satisfy the requirements prescribed by the China Insurance Regulatory Commission and obtain an insurance brokerage business licence (hereafter referred to as “Licence”). To engage in the insurance brokerage business, an insurance brokerage company shall meet the following conditions: (i) Its shareholders satisfy the requirements of the provisions and make contribution with self-owned, true and legal funds, other than bank loans or any other form of non-self-owned capital, (ii) Its registered capital satisfies the requirements of Article 10 of the provisions and is under custody according to the relevant provisions issued by the CIRC, (iii) The business scope recorded in its business licence complies with the relevant provisions issued by the CIRC, (iv) Its articles of association comply with the relevant provisions; (v) Its name satisfies the requirements of the Provisions, (vi) Its senior executives meet the office qualifications as set forth in the provisions, (vii) It has a governance structure and internal control system in compliance with the provisions issued by the CIRC, and a scientific and reasonable business model, (viii) It has a fixed domicile suitable for its scale of business, (ix) It has business and financial information management systems in compliance with the provisions issued by the CIRC, and (x) Other conditions as set forth in laws, administrative regulations, and the provisions issued by the CIRC. The minimum registered capital of an insurance brokerage company that conducts business in regions not limited to the province, autonomous region, municipality directly under the Central Government or city under separate state planning where its industrial and commercial registration formalities are undergone shall be RMB50.0 million. The minimum registered capital of an insurance brokerage company that conducts business in the province, autonomous region, municipality directly under the Central Government or city under separate state planning where its industrial and commercial registration formalities are undergone shall be RMB10.0 million. The registered capital of an insurance brokerage company must be paid-in monetary capital. The validity period of the licence used by an insurance brokerage company to operate the insurance brokerage business is three years. The insurance brokerage company shall apply to the delegated institution of the CSRC for the renewal of the licence 30 days before the expiration of the licence.

### REGULATIONS REGARDING IOV AND DATA SERVICE

According to the Notice on Strengthening the Dynamic Supervision of Road Transportation Automobiles\* (《關於加強道路運輸車輛動態監管工作的通知》) (Jiao Yun Fa [2011] No. 80) issued by the Ministry of Transport, the Ministry of Public Security, the State Administration of Work Safety (SAWS) (abolished), and the Ministry of Industry and Information Technology and taking effect on 19 March 2011, all “chartered buses engaged in tourism, regular passenger buses of Class III or higher, and special road automobiles for transporting hazardous chemicals, fireworks, and civil explosives” must be equipped with satellite positioning devices with driving record functions before 31 December 2011. The Notice also stipulates that road transport enterprises shall further undertake the primary responsibilities for work safety and effectively strengthen the dynamic monitoring of their vehicles. The major persons-in-charge of the enterprises shall be fully responsible for the dynamic monitoring of the vehicles of the enterprises.

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According to the Opinions of the State Council on Strengthening Road Traffic Safety\* (《國務院關於加強道路交通安全工作的意見》) (Guo Fa [2012] No. 30) issued by the State Council and taking effect on 22 July 2012, heavy-loaded cargo-carriage automobiles and semi-trailer towing automobiles shall be pre-installed with satellite positioning devices and connected to the public regulation and service platform of road transportation automobiles. Transport enterprises shall implement the primary responsibilities for security monitoring and effectively strengthen the dynamic supervision of their vehicles and drivers, to ensure that the on-board satellite positioning devices operate properly and ensure effective monitoring.

According to the Road Transportation Automobile Dynamic Supervision Management Measures\* (《道路運輸車輛動態監督管理辦法》) promulgated by the Ministry of Transport, the Ministry of Public Security, and the State Administration of Work Safety (SAWS) (abolished) in January 2014 and revised on 20 April 2016 and taking effect on 14 February 2022, heavy-loaded cargo-unloading automobiles and semi-trailer towing automobiles shall be pre-installed with satellite positioning devices that meet the relevant standards and connected to the national public regulation and service platform of road transportation automobiles (hereinafter referred to as "Public Platform of Road Transportation Automobiles"). The road transport authority will not issue or grant the Road Transport Licence\* (道路運輸證) to automobiles that are not installed with satellite positioning devices as required or those that are installed with satellite positioning devices which cannot be normally displayed in the interconnected and joint control system (namely, heavy-loaded cargo-unloading automobiles and semi-trailer towing automobiles are not connected to Public Platform of Road Transportation Automobiles).

According to the Notice of the Ministry of Industry and Information Technology on Further Strengthening the Safety Supervision of the Promotion and Application of New Energy Vehicles\* (《工業和信息化部關於進一步做好新能源汽車推廣應用安全監管工作的通知》) (Gong Xin Bu Zhuang [2016] No. 377) issued by the Ministry of Industry and Information Technology and taking effect on 11 November 2016, Production enterprises shall establish and improve their new energy vehicle enterprise monitoring platform, maintain full communication with users, and sign confidentiality agreements with users according to its provision of establishment sound enterprise monitoring platform. Since 1 January 2017, vehicle terminals shall be installed to all new energy vehicles newly manufactured, and the operational safety status of vehicles and key systems such as power batteries shall be monitored and managed through the enterprise monitoring platform. According to the Technical Specifications of Remote Service and Management System for Electric Vehicles\* (《電動汽車遠程服務與管理系統技術規範》) (GB/T 32960), the information about the safety status of vehicles in the public service sector shall be uploaded to the local monitoring platform.

According to the Guideline for Developing National Internet of Vehicles Industry Standard System (Electronic Products and Services)\* (《國家車聯網產業標準體系建設指南(電子產品和服務)》) issued by the Ministry of Industry and Information Technology and the Standardisation Administration on 8 June 2018, it mainly aims at the standardisation of automotive electronic products, in-vehicle information systems, and in-vehicle information services and platforms that underpin the IoV industry chain, and clarifies the development direction of standardisation of IoV electronic products and in-vehicle information services. IoV electronic products and services include basic products, terminals, networks, platforms, and services. Basic products and terminals collect and acquire intelligent information of vehicles, and perceive and respond to driving status and environment, enabling the realisation of in-vehicle information services, including traffic information, navigation service, entertainment information, security situation, online business, emission information, remote control, vehicle configuration, inspection and maintenance.

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According to Heavy Duty Diesel Automobile Exhaust Emission Limits and Measurement Methods (China Phase Six)\* (GB 17691-2018)\* (《重型柴油車污染物排放限值及測量方法(中國第六階段)》(GB 17691-2018)) jointly issued by the Ministry of Ecology and Environment and the State Administration for Market Regulation on 22 June 2018 and effective on 1 July 2019, from 1 July 2019, all gas – fired automobiles which are manufactured, imported, sold and registered should meet the requirements in the above regulation; From 1 July 2020, all urban automobiles which are manufactured, imported, sold and registered should meet the requirements in the above regulation; From 1 July 2021, all the diesel vehicles which are manufactured, imported, sold and registered should meet the requirements in the above regulation.

### **OTHER REGULATIONS REGARDING THE DAILY OPERATION OF THE COMPANY**

#### **REGULATIONS REGARDING THE VALUE-ADDED TELECOMMUNICATIONS BUSINESS**

According to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) issued by the State Council on 25 September 2000 and revised and taking effect on 29 July 2014 and 6 February 2016, the State shall implement a licensing system for the operation of telecommunications businesses, pursuant to which telecommunications businesses shall be divided into categories. Operators of telecommunications businesses must obtain operating permits for telecommunications businesses issued by the supervisory department for the information industry under the State Council or the telecommunications administration authorities of provinces, autonomous regions and municipalities under the central government in accordance with the provisions of these regulations. No organisations or individuals may undertake telecommunications business operation activities without an operating permit. An applicant for operating a value-added telecommunications business shall submit its application to the supervisory department for the information industry under the State Council or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government.

According to the Administrative Measures on Internet Information Services\* (《互聯網信息服務管理辦法》) issued by the State Council on 25 September 2000 and revised and taking effect on 8 January 2011, the State implements a permit system in respect of operational Internet information services and a filing system in respect of non-operational Internet information services. Engaging in Internet information services without having obtained a permit or having carried out the filing procedures is prohibited. To engage in operational Internet information services, an application shall be made to the telecommunications administration authority of a province, autonomous region or municipality directly under the central government or the supervisory department for the information industry under the State Council to obtain an operating permit for Internet information services, which is a value-added telecommunications business (hereinafter referred to as the "operating permit"). The telecommunications administration authority of the province, autonomous region or municipality directly under the central government or the supervisory department for the information industry under the State Council shall complete the examination within 60 days from the date of receipt of the application and issue a decision approving or rejecting the application. If approval is granted, an operating permit will be issued. If approval is refused, a written notice with an explanation of the reasons will be issued.

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### REGULATIONS REGARDING TORT LIABILITY

Pursuant to Chapter V (Liability for Motor Vehicle Accidents) of Part VII of the Civil Code of the PRC\* (《中華人民共和國民法典》) promulgated by the National People's Congress on 28 May 2020 and taking effect on 1 January 2021, where the owner, manager, or user of a motor vehicle are not the same person in leasing, borrowing, or the other like situations, and a traffic accident occurs and causes damage to another person, the user of the motor vehicle shall bear the liability for compensation where the liability is attributed to the motor vehicle driver, and the owner or manager of the vehicle who is at fault shall assume the corresponding liability for compensation. Where damage is caused to another person as a result of a traffic accident and the liability is attributed to the motor vehicle driver, the insurer that underwrites the compulsory motor vehicle insurance shall make compensation within the limit of the insured liability. The deficiencies shall be paid by the insurer that underwrites the commercial motor vehicle insurance in accordance with the stipulations of the insurance contract. Any remaining balance or the part not covered by any commercial motor vehicle insurance shall be paid by the tortfeasor.

### REGULATIONS REGARDING PRODUCT QUALITY AND WORK SAFETY

According to the Product Quality Law of the PRC\* (《中華人民共和國產品質量法》) promulgated by the Standing Committee of the National People's Congress on 22 February 1993 and revised and taking effect respectively on 8 July 2000, 27 August 2009, and 29 December 2018, the department for supervision over product quality under the State Council shall be responsible for supervision over product quality throughout the country. Manufacturers and sellers shall establish and improve their internal system for product quality control, and strictly implement the quality control measures in each job responsibility. The relevant departments under the State Council shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities. Local departments for supervision over product quality at or above the county level shall be in charge of supervision over product quality within their respective administrative regions. The relevant departments in the local people's governments at or above the county level shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities.

According to the Law of the PRC on Work Safety\* (《中華人民共和國安全生產法》) promulgated by the Standing Committee of the National People's Congress on 29 June 2002, revised respectively on 31 August 2014 and revised on 10 June 2021, and taking effect on 1 September 2021, production and business units shall abide by this law and other laws and regulations concerning work safety, redouble their efforts to ensure work safety by setting up and improving the responsibility system for work safety and improving the conditions for it, and promote the standard construction of work safety for the higher level of work safety to guarantee work safety. The department in charge of supervision and control over work safety under the State Council shall, in accordance with this law, exercise all-round supervision and control over work safety throughout the country. The departments in charge of supervision and control over work safety of local people's governments at or above the county level shall, in accordance with this law, exercise all-round supervision and control over work safety within their own administrative regions.

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According to the Notice on Further Strengthening the Work Safety of Enterprises\* (《關於進一步加強企業安全生產工作的通知》) (Guo Fa [2010] No. 23) issued by the State Council and taking effect on 19 July 2010, enterprises shall establish and improve the strict rules and regulations concerning work safety while insisting on “no production without safety conditions”. Enterprises shall strengthen the supervision and inspection of the production site and strictly investigate and deal with “three violations”, namely any command in violation of regulations, operations against rules, and violation of labour discipline. In case enterprises organise production beyond their capacity and in excess of the fixed number of employees, the enterprises may be ordered to stop production and work until the violation is rectified, and an economic penalty of the prescribed upper limit according to law will be imposed on the enterprises and their major persons-in-charge.

### REGULATIONS REGARDING ANTI-MONEY LAUNDERING

According to the Anti-Money Laundering Law of the PRC\* (《中華人民共和國反洗錢法》) promulgated by the Standing Committee of the National People’s Congress on 31 October 2006 and taking effect on 1 January 2007, the administrative department in charge of anti-money laundering under the State Council shall organise and coordinate the efforts of anti-money laundering throughout the country, and it shall be responsible for monitoring the anti-money laundering funds, formulate, by itself or in conjunction with the relevant financial regulatory body under the State Council, anti-money laundering rules for financial institutions, conduct supervision over and inspection of the financial institutions as to how they perform their obligation of anti-money laundering, investigate into dubious transactions within the scope of its duties, and perform other duties for anti-money laundering as prescribed by law and by the State Council. The financial institutions established within the territory of the PRC and the special non-financial institutions that are required by relevant regulations to perform the obligation of anti-money laundering shall, in accordance with law, adopt preventive and monitoring measures by establishing sound systems for distinguishing clients’ identities, preserving the data for clients’ identities and records of transactions, and a report system for transactions involving large sums of money and for dubious transactions.

### REGULATIONS REGARDING INFORMATION SECURITY AND PERSONAL INFORMATION PROTECTION

Chinese government agencies promulgate laws and regulations regarding Internet use to protect personal information from unauthorised disclosure. The Standing Committee of the National People’s Congress issued the Decision on Strengthening the Protection of Network Information\* (《關於加強網絡信息保護的決定》) on 28 December 2012 (taking effect in the same day), to strengthen the legal protection of the security and privacy of Internet information. Network service providers and other enterprises and institutions that collect or use citizens’ individual electronic information during their business activities, shall abide by the principles of legality, legitimacy and necessity and clearly indicate the objective, methods and scope for collection and use of information, and with consent from the person whose data is collected, they may not violate the provisions of laws and regulations or the agreement between both sides, in collecting or using information. Network service providers and other enterprises and institutions collecting or using citizens’ individual electronic information shall make public their collection and use rules.

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According to the Provisions on Protection of Personal Information of Telecommunications and Internet Users\* (《電信和互聯網用戶個人信息保護規定》) (Gong Ye He Xin Xi Hua Bu Ling No. 24) that was promulgated by the Ministry of Industry and Information Technology on 16 July 2013 and took effect on 1 September 2013, telecommunications business operators and Internet information service providers cannot collect and use users’ personal information without the users’ consent. Telecommunications business operators and Internet information service providers who collect and use users’ personal information should specifically notify users about the purpose, method and scope of the collection and use of the information, how users may enquire about and correct the information and the consequences of refusing to provide information. In addition, telecommunications business operators and Internet information service providers cannot collect users’ personal information which are not required for their provision of services or use the information for a purpose other than the provision of services. The telecommunications business operators and Internet information service providers cannot collect and use information through fraudulent, misleading or coercive manner or in violation of laws, administrative regulations and the agreement of the parties.

According to the Cybersecurity Law of the PRC\* (《中華人民共和國網絡安全法》) promulgated by the Standing Committee of the National People’s Congress on 7 November 2016 and taking effect on 1 June 2017, the national cyberspace administration shall be responsible for the overall planning and coordination of cybersecurity work and relevant supervision and administration. The competent telecommunications department of the State Council, public security departments and other relevant authorities shall be responsible for cybersecurity protection, supervision and administration within the scope of their respective functions in accordance with the provisions of this Law and other relevant laws and administrative regulations. Network operators shall strictly preserve the secrecy of user information they collect, and establish user information protection systems. Network operators must not disclose, distort or damage personal information they collect, and without the agreement of the person whose information is collected, may not provide personal information to others, except where personal information has been processed in such a manner that it is impossible to distinguish a particular individual and retraced.

According to the Provisions on the Management of Automobile Data Security (Trial)\* (《汽車數據安全管理若干規定(試行)》) issued by the Cyberspace Administration of China, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security and the Ministry of Transport on August 16, 2021 and taking effect on October 1, 2021 (Decree No. 7 of Cyberspace Administration of China), automobile data refers to personal information and other important data involved in automobile design, production, sales, use, operation and maintenance. The decree is designed to regulate automobile data processing activities, protect the legitimate rights and interests of individuals and organizations, safeguard national security and social and public interests, and promote the rational development and utilization of automobile data. In addition, based on the decree, any entity carrying out data processing activities through the Internet and other information networks shall implement the network security protection system, strengthen the protection of automobile data, and fulfill the obligations of data security according to law.

According to the Personal Information Protection Law of the PRC\* (《中華人民共和國個人信息保護法》) (“Information Protection Law”) issued by the Standing Committee of the National People’s Congress (NPC) on 20 August 2021 and taking effect on 1 November 2022, the Information Protection Law stipulates that the Cyberspace Administration of China is responsible for coordinating the protection of personal information and the related supervision and administration. The relevant departments under the State Council shall be responsible for the protection, supervision and administration of personal information within the scope of their

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respective functions and duties in accordance with the provisions of the Information Protection Law and other relevant laws and administrative regulations, while the duties of the relevant departments of the local people's governments at or above the county level for the protection, supervision and administration of personal information shall be determined in accordance with the relevant provisions of the State. The Information Protection Law also expressly stipulates that those who process personal information in violation of regulations or fail to take necessary security measures when processing personal information will be ordered to make corrections by the authority responsible for personal information protection, and given a warning, with their illegal gains confiscated. If the violator refuses to make corrections, it shall be subject to a fine of not more than RMB1.0 million. The person in charge directly responsible and other persons directly responsible shall be imposed a fine of not less than RMB10,000 but not more than RMB100,000. In case of any severe illegal acts as stipulated in the Information Protection Law, the violator shall be ordered to make corrections by the authority at or above the provincial level responsible for personal information protection, have its illegal gains confiscated and be subject to a fine of not more than RMB50.0 million or no more than 5% of the turnover in the previous year, as well as a suspension of the relevant business or suspension for rectification, revocation of relevant business permit or business licence by the relevant competent authorities. The person in charge directly responsible and other persons directly responsible shall be imposed a fine of not less than RMB100.0 thousand but not more than RMB1.0 million. According to the Measures for Cybersecurity Review issued by the Cyberspace Administration of China, the State Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the China Securities Regulatory Commission, the State Administration of State Secrets Protection and the National Cryptography Administration on December 28, 2021 and took effect on February 15, 2022 (Decree No. 8 of the Cyberspace Administration of China), operators of critical information infrastructure that purchase network products and services and operators of network platforms that carry out data processing activities that affect or may affect national security shall be subject to network security review in accordance with these Measures. In addition, if any national secret is involved, the relevant national confidentiality regulations shall apply; if the state has other provisions on data security review and foreign investment security review, such provisions shall also be observed.

According to the Data Security Law of the People's Republic of China\* (《中華人民共和國數據安全法》) promulgated by Standing Committee of the National People's Congress on 10 June 2021 and taking effect on 1 September 2021, this Law shall apply to data processing activities and security supervision of such activities within the territory of the People's Republic of China; The State establishes a data classification and hierarchical protection system to protect data by classification and level, depending on the importance of the data in economic and social development, and the damage caused to national security, public interests, or the legitimate rights and interests of individuals and organizations if the data is falsified, damaged, disclosed, illegally obtained or illegally used. The national data security coordination mechanism shall coordinate the relevant departments to formulate catalogs of important data, and strengthen the protection of important data; All regions and departments shall, under the data classification and hierarchical protection system, determine the specific catalogue of important data for their respective regions and departments and for relevant industries and fields, and give priority to the protection of data included in the catalogue; Where the relevant competent authority finds in the performance of its duties of data security regulation that there are relatively serious security risks in data processing activities, it may, in accordance with the prescribed authority and procedures, conduct an interview with the relevant organization or individual and require the relevant organization or individual to take measures to make rectifications and eliminate hidden dangers.



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According to the Cybersecurity Review Measures\* (《網絡安全審查辦法》) promulgated by Cyberspace Administration of China, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the China Securities Regulatory Commission, National Administration of State Secrets Protection and the State Cryptography Administration on 28 December 2021 and taking effect on 15 February 2022, the purchase of network products and services by critical information infrastructure operator and the data processing activities carries out online platform operators, which affects or may affect national security, shall be subject to cybersecurity review; To go public abroad, an online platform operator who possesses the personal information of more than 1 million users shall declare to the Office of Cybersecurity Review for cybersecurity review.

According to the Draft Regulation promulgated by Cyberspace Administration of China on 14 November 2021, these Regulations ensure data security, protect the legitimate rights and interests of individuals and organizations in cyberspace, and safeguard national security and the public interest; A data processor shall apply for a cybersecurity review in compliance with relevant national regulations under any of the following circumstances: (i) a merger, reorganization, or division to be conducted by an Internet platform operator who has amassed a large number of data resources that concern national security, economic development or the public interest, which will or may impact national security; (ii) the data processor processing the personal information of more than one million individuals is to go public abroad; (iii) the data processor processing is to go public in Hong Kong, which will or may impact national security; or (iv) other data processing activities that will or may have an impact national security. The establishment of headquarters overseas or an operation center or R&D center overseas by a large Internet platform operator shall be reported to the national cyberspace authority and other competent authorities. These Regulations are not yet in force and the specific timetable or plan for their promulgation and entry into force is uncertain.

### SUPPORTS AND PROTECTIONS FOR THE INDUSTRY DURING THE COVID-19 OUTBREAK

According to the Notice on Responding to the Novel Coronavirus-infected Pneumonia and Alleviating the Difficulties of Small and Medium Enterprises to Resume Work and Production Issued by the Ministry of Industry of Information Technology\* (《工業和信息化部關於應對新型冠狀病毒肺炎疫情幫助中小企業復工復產共渡難關有關工作的通知》) (Gong Xin Ming Dian [2020] No. 14) issued by the Ministry of Industry and Information Technology and took effective on 9 February 2020, the Ministry of Industry and Information Technology further strengthen financial support for SMEs. In terms of innovative financing products and services, the aforementioned notice clarified that the state will actively promote the expansion of financing supply to SMEs by ways of supply chain financing, commercial factoring, account receivable mortgages, intellectual property pledges and other financing modes. The needs of SMEs shall be met as soon as possible through developing financing products suitable for them during the epidemic by taking full advantages of convenient Internet finance. The online government-bank-enterprise connection shall be carried out actively by giving full support to the role of local SME financing service platforms.

According to the Notice on Further Strengthening Financial Support for the Prevention and Control of the Epidemic Casualty Novel Coronavirus-infected Pneumonia\* (《關於進一步強化金融支持防控新型冠狀病毒感染肺炎疫情的通知》) (Yin Fa [2020] No. 29) issued by the People's Bank of China, the Ministry of Finance, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission, and the State Administration of Foreign Exchange on 31 January 2020, the financial institutions should (i) increase relevant

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credit support to prevent and control the COVID-19, (ii) increase credit support to manufactures, SMEs, private enterprises and enterprises of other core fields, and (iii) provide different beneficial financial services to regions, industries and enterprises heavily impacted by the COVID-19. In addition, pursuant to the Notice on Responding to the Novel Coronavirus-infected Pneumonia and Alleviating the Difficulties of Small and Medium Enterprises to Resume Work and Production Issued by the Ministry of Industry and Information Technology\* (《工業化和信息化部關於應對新型冠狀病毒肺炎幫助中小企業復工復產共渡難關有關工作的通知》) (Gong Xin Ming Dian [2020] No. 14), financing methods such as supply chain finance, commercial factoring, receivables pledging and intellectual property pledging should be actively promoted by the PRC Government to provide financing support to small and medium enterprises. According to the Notice of the Ministry of Transport on the Precise and Orderly Restoration of Transport Services to Promote the Resumption of Work and Production\* (《交通運輸部關於精準有序恢復運輸服務紮實推動復工復產的通知》) (Jiao Yun Ming Dian [2020] No. 95) promulgated by the Ministry of Transport and took effect on 13 March 2020, local transport authorities shall guide freight companies and taxi companies to collaborate with financial institutions and financial leasing companies to grant loans in a timely manner to special groups of persons such as truck and taxi drivers for their business operations. The government encourages the monitoring platform providers of social satellite positioning systems to reduce or exempt the operation and maintenance fees of satellite positioning services charged on road transport vehicles. Local transportation authorities should thoroughly understand the difficulties of transportation service companies, and do a good job in helping key groups such as SMEs, truck and taxi drivers. Local transportation authorities should strengthen the monitoring and analysis on the freight and logistics industry, guide logistics companies and truck drivers to resume work and production in an orderly manner, and guide reasonable expectations on transportation prices, so as to promote the healthy and stable development of the industry.

According to the Notice on Supporting Microfinance Companies, Financing Guarantee Companies, Financial Leasing Companies, Commercial Factoring Companies, Pawnshops, Local Asset Management and Other Institutions to Strengthen Efforts to Serve the Real Economy\* (《關於支持本市小額貸款、融資擔保、融資租賃、商業保理、典當、地方資產管理等機構加大力度服務實體經濟的通知》) promulgated by Shanghai Municipal Financial Regulatory Bureau and took effect on 17 March 2020, it would moderately increase the regulatory tolerance for six types of institutions, moderately relax the requirements on assessment indicators such as default ratios, and compensation rates for microfinance companies, financing guarantee companies and pawnshops, as well as assessment indicators such as business concentration, non-performing loan ratios, risk reserve ratios for financial leasing companies and commercial factoring companies, and appropriately extend the time limit for compliance rectification, during on-site inspections, annual reviews, regulatory ratings in 2020. For entities which incurred overdue debt and made compensation due to the epidemic, especially the 6 types mentioned in the Notice that make concessions to reduce the financing burden of enterprises, their regulatory rating shall not be lowered in principle. Those who have made a significant contribution to epidemic prevention, or actively fulfilled their social responsibilities during the epidemic, their regulatory rating may be adjusted upward as appropriate, and relevant support policies issued subsequently may first be provided to those entities. At the same time, the above notice also clarified that the competent authorities in each district of Shanghai should actively help the six types of institutions serve enterprises, strengthen communication and coordination, and continue to create a good environment and support the stable and healthy development of the six types of institutions in their districts during and after the epidemic. Each district is encouraged to introduce support policies or make appropriate adjustments on relevant support policies based on actual conditions, and coordinate with relevant departments and enterprises in it district to provide supports in taxation, rents and other aspects.

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### REGULATIONS REGARDING INTELLECTUAL PROPERTY

#### Trademark Law

According to the Trademark Law of the PRC\* (《中華人民共和國商標法》) promulgated by the Standing Committee of the National People's Congress on 23 August 1982 and revised and taking effect respectively on 22 February 1993, 27 October 2001, 30 August 2013, and 23 April 2019, and the Implementing Regulations of the Trademark Law of the PRC\* (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, revised on 29 April 2014, and taking effect on 1 May 2014, the administrative department for industry and commerce under the State Council has established a Trademark Office to take charge of matters concerning trademark registration and administration throughout the country. The period of validity of a registered trademark shall be ten years, starting from the day the registration is approved. When it is necessary to continue using the registered trademark upon expiration of period of validity, an application for renewal shall be made within 12 months before the expiration. If such an application cannot be filed within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be ten years. Where an applicant for trademark registration files an application for trademark registration in China within six months of filing the first application for registering the same trademark for the same goods in a foreign country, the applicant may have priority in accordance with any agreement concluded by and between the PRC and the foreign country concerned, or with the international treaty to which both countries are parties, or on the basis of the principle of reciprocity. In the event that an applicant uses a trademark for the first time on goods displayed at an international exhibition organised or recognised by the Chinese Government, the applicant may be entitled to priority provided that it files an application to register the trademark within six months from the date of the exhibition. The trademark registrant may, by concluding a trademark licensing contract, authorise other persons to use the registered trademark. The licensor shall supervise the quality of the goods on which the licensee uses the licensor's registered trademark, and the licensee shall guarantee the quality of the goods on which the registered trademark is used. The party authorised to use others' registered trademark shall indicate the name of the licensee and the place of origin on the goods that bear the registered trademark. When granting others to use the registered trademarks, the licensor shall file the licence of the trademarks with the Trademark Office for record, which shall announce the same. Without putting the licensing of the trademark on record, the trademark shall not be effective against bona fide third party.

#### Patent Law

According to the Patent Law of the PRC\* (《中華人民共和國專利法》) promulgated by the Standing Committee of the National People's Congress on 12 March 1984 and revised respectively on 4 September 1992, 25 August 2000, 27 December 2008 and 17 October 2020 and taking effective on 1 June 2021, and the Implementing Regulations of the Patent Law of the PRC\* (《中華人民共和國專利法實施細則》) promulgated by the State Council on 15 June 2001, revised respectively on 28 December 2002 and 9 January 2010, and taking effect on 1 February 2010, the patent administration department under the State Council is responsible for the patent work throughout the country. It receives and examines patent applications and grants patent rights for inventions-creations in accordance with law. Any invention or utility model for which patent right may be granted must possess novelty, inventiveness and practical applicability. Any design for which patent right may be granted shall not be a prior design, nor has any entity or individual filed before the date of filing with the patent administration department under the State Council an application relating to the identical design disclosed in patent documents announced after the date of filing. The duration of patent right for inventions shall be twenty years, the duration of patent right for utility models shall be ten years, the duration of patent right for design shall be fifteen years, from the date of filing.

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## REGULATORY OVERVIEW

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### Copyright Law

According to the Copyright Law of the PRC\* (《中華人民共和國著作權法》) promulgated by the Standing Committee of the National People’s Congress on 7 September 1990, revised respectively on 27 October 2001, 26 February 2010 and 11 November 2020, and taking effect on 1 June 2021, Chinese citizens, legal entities or other organisations shall, in accordance with this Law, enjoy the copyright in their works, whether published or not. The term “works” includes written works; oral works; musical, dramatic, Chinese folk art, choreographic and acrobatic works; works of fine arts and architecture; photographic works; audio visual works and works created by a process analogous to cinematography; graphic works such as drawings of engineering designs and product designs, maps and sketches, and model works; computer software; and other intellectual achievements that meet the characteristics of the works.

The Measures for the Registration of Computer Software Copyright\* (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration and taking effect on 20 February 2002, govern the registration of software copyright, and the registration of exclusive licence contracts and transfer contracts of software copyright. The National Copyright Administration shall be in charge of the administration of the registration of software copyright of the whole country. The National Copyright Administration accredits the China Copyright Protection Centre as the body for software registration.

### REGULATIONS REGARDING DOMAIN NAMES

According to the Measures for the Administration of Internet Domain Names of the PRC\* (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and taking effect on 1 November 2017, the Ministry of Industry and Information Technology is responsible for the administration work of Internet domain names nationwide. To establish domain name root servers and domain name root server operating organisations, domain name registration management organisations and domain registration service organisations within the territory of China, licences from the Ministry of Industry and Information Technology or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall be obtained in accordance with these Measures.

### REGULATIONS REGARDING LABOUR ASSURANCE

In accordance with the Labour Law of the PRC (《中華人民共和國勞動法》), which was promulgated by Standing Committee of the National People’s Congress on 5 July 1994, revised and taking effect respectively on 27 August 2009 and 29 December 2018, and Labour Contract Law of the PRC\* (《中華人民共和國勞動合同法》), which was promulgated by Standing Committee of the National People’s Congress on 29 June 2007, revised on 28 December 2012 and became effective on 1 July 2013, and the Implementation Regulation for the People Labour Contract\* (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and became effective on 18 September 2008. The employing unit shall sign a labour contract in writing with the workers. The wage paid to a worker by an employer shall not be lower than the local minimum wage standard. The employing unit is required to establish occupational safety and health mechanism, and strictly abide by national standards, and provide employees with relevant education. Employees must work in a safe and sanitary environment.

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## REGULATORY OVERVIEW

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As required under the Social Insurance Law of the PRC\* (《中華人民共和國社會保險法》), the Regulation of Insurance for Work-Related Injury\* (《工傷保險條例》), the Regulations on Unemployment Insurance\* (《失業保險條例》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and other laws, regulation and rules, the employing unit must represent workers to pay a number of social security funds (including basic pension insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance). Relevant expenses shall be paid to local administrative authorities. Failure to pay or pay in full may be subject to administrative measures such as fines and an order to make up the unpaid amount.

According to the Regulations on Management of Housing Provident Fund\* (《住房公積金管理條例》) promulgated by the State Council on 3 April 1999 and revised respectively on 24 March 2002 and 24 March 2019 (taking effect in the same month), the housing provident fund paid and deposited both by staff and workers themselves and that by the employing units for their staff and workers shall be owned by the staff and workers. A unit shall go to the housing provident fund management centre to undertake registration of payment and deposit of the housing provident fund and, upon verification by the housing provident fund management centre, open housing provident fund accounts on behalf of its staff and workers with a commissioned bank. Where a unit fails to undertake payment and deposit registration of housing provident fund or fails to open housing provident fund accounts for its staff and workers, the housing provident fund management centre shall order it to do so within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 and not more than RMB50,000 shall be imposed. Where a unit is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management centre shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.