KAIRIKI GROUP

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ISO27001

KC No. 009

Dear Valued Customers & Business Partners,

Notice Regarding Compliance with the Amended Cybersecurity Law of the People's Republic of China

The "Cybersecurity Law of the People's Republic of China" has been amended and officially came into effect on January 1, 2026. This amendment significantly strengthens penalties and expands **the scope of "extraterritorial application,"** allowing for legal liability to be pursued even for actions taken outside of China.

【Key Points of the Amendment】

The primary changes effective as of January 1, 2026, include:

1. **Expansion of "Extraterritorial Application" (Article 77)**
   Previously limited to attacks on China's critical infrastructure, the scope now covers all activities that "endanger the security of China's cyber networks". Consequently, even on foreign-flagged vessels, shipboard communications deemed a threat may lead to sanctions, such as the freezing of assets.

2. **Mandatory Certification for Network Products and Services (Articles 25 & 63)**
   Regulations have been tightened for critical equipment (routers, servers, switching hubs, firewalls, etc.), satellite communication services, and related hardware. New penalties, including heavy fines and sales bans, have been established for using or providing uncertified products.

3. **Strengthened Coordination on Personal Information Protection (Articles 42 & 71)**
   Information handling must now comply not only with this law but also with the "Personal Information Protection Law" and the "Civil Code". Penalties for the unauthorized transfer of data outside of China are now more strictly enforced in coordination with these related laws.

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【Compliance Requirements】

Ship management companies and Masters must ensure all crew members understand the following items and are prepared to explain them during inspections.

1. Prohibition of Actions Threatening China's Security and Spreading Forbidden Information

- Strictly avoid any actions that threaten China's cyber security (e.g., cyberattacks, network intrusions, theft of secrets, or suspicious behavior), regardless of whether the vessel is inside or outside Chinese territory or territorial waters.
- The dissemination of information prohibited by Chinese laws and administrative regulations is strictly forbidden.

2. Prohibition and Physical Disconnection of Unauthorized Satellite Services (e.g., Starlink, OneWeb)

- Using unauthorized satellite communication services is illegal in China. Before entering Chinese territorial waters (12 nautical miles), ensure these devices are clearly out of use by unplugging power cords or covering the equipment.
- Record the disconnection in the Deck Logbook and ensure these records can be presented promptly during inspections.

3. Verification of Chinese Network Products and Services

- If using Chinese-made network equipment or satellite services, it is recommended to confirm with the provider that they meet Chinese statutory standards.

4. Verification and Certification of Onboard Systems

- For systems incorporating AI, confirm with the manufacturer whether they have passed Chinese safety certifications and obtain documentation regarding their usage.

5. Reporting Obligations for Cyber Incidents

- In the event of an incident, follow the instructions of the ship management company and report to the designated authorities, such as the China Maritime Safety Administration (MSA) or the Cyberspace Administration of China (CAC).
- Unified Reporting Hotline: 12387 | Website: 12387.cert.org.cn.

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【Penalties and Sanctions】

1. For Organizations (Legal Entities, Management Companies, Owners)

- Fines up to 10 million CNY: Major incidents or data breaches can result in fines up to 10 million CNY (approx. 200 million JPY) or up to 5% of the previous year's annual turnover.
- Confiscation of Equipment and Additional Fines: Use of unauthorized radio stations (e.g., Starlink) in territorial waters can lead to the mandatory confiscation of equipment and fines exceeding 500,000 CNY (approx. 10 million JPY).
- Revocation of Business Licenses: Severe violations may result in the suspension of operations or the permanent revocation of business licenses, making it impossible to continue business in China.

2. For Individuals (Masters, Crews, Managers, etc.)

- High Individual Fines: Responsible personnel may face fines between 10,000 and 100,000 CNY. If the individual refuses to take corrective action or if the damage is particularly severe, fines can reach 1 million CNY (approx. 20 million JPY).
- Detention by public security authorities: Violations may lead to detention by public security authorities for a period of 5 to 15 days.
- Suspension of Licenses and Lifetime Bans: ：Responsible crew members may face a 1–3 month suspension of their maritime certificates. In severe cases, they may be subject to a lifetime ban from working in cybersecurity management or the telecommunications industry.

3. Special Sanctions for Foreign Entities/Individuals (Extraterritorial)

- Even for activities occurring outside of China (e.g., on the high seas), if the activity is judged to threaten China's network security, sanctions such as asset freezing, seizure, or entry restrictions may be applied (Article 77).

Should you have any questions regarding this matter, please feel free to contact us.