1. TAXATION OF SECURITIES HOLDERS

The income tax and capital gains tax applicable to holders of H Shares are determined in accordance with the laws and practices of the PRC and those of the jurisdiction where any holder of our H Shares is considered as a resident or is otherwise subject to taxation. The following summary of certain provisions of relevant taxes is based on the current laws and practices and may be subject to change. It does not constitute legal or tax advice. This discussion does not intend to address all possible tax implications arising from an **[REDACTED]** in H Shares, nor does it consider the specific circumstances of any individual investors, which may be subject to special rules in certain respects. Accordingly, you are advised to seek the advice of a tax advisor regarding the tax consequences of investing in H Shares. The discussion is based on the laws and relevant interpretations in effect as of the date of this document, which may be subject to change and may have retrospective effect.

This discussion only covers tax matters in the PRC and Hong Kong related to income tax, capital tax, stamp duty, and estate duty. Prospective **[REDACTED]** are advised to consult with their financial advisors to fully understand the tax implications of owning and disposing of H Shares in the PRC and Hong Kong, as well as any other relevant considerations.

Taxation on Dividend

- ***Individual Investors***

In accordance with the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was last revised on August 31, 2018, and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), most recently amended on December 18, 2018, dividends distributed by enterprises in China are generally subject to a 20% individual income tax. For foreign individuals who are not tax residents of the PRC, dividend income received from a PRC enterprise is typically taxed at a flat rate of 20%, unless a specific exemption is granted by the State Council's tax authority or a lower rate applies under a relevant tax treaty.

At the same time, according to the Notice on Issues Related to the Differential Personal Income Tax Policy for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance (the "**MOF**"), the State Taxation Administration (the "**STA**"), and the China Securities Regulatory Commission (the "**CSRC**") on September 7, 2015, for individuals who obtain listed company shares from the public issuance or transfer market, dividends received from shares held for more than one year are temporarily exempt from personal income tax; dividends received from shares held for a period of one month or less (including one month) are fully included in the taxable income; dividends received from shares held for a period of more than one month but up to one year (including one year) are included in the taxable income at 50%; the above-mentioned income is subject to personal income tax at a uniform rate of 20%.

According to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》), which was jointly promulgated by the MOF and the STA on May 13, 1994, overseas individuals are not required to pay individual income tax on dividends or bonuses received from foreign-invested enterprises. On February 3, 2013, the State Council approved and promulgated the Notice of the State Council Approving and Forwarding Certain Opinions of the Development and Reform Commission and Other Departments on Deepening the Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》).

On February 8, 2013, the General Office of the State Council promulgated the Notice of the General Office of the State Council on the Key Work Division for Deepening the Reform of the Income Distribution System (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to the above two documents, the PRC government plans to cancel the tax exemption for dividends received by foreign individuals from foreign-invested enterprises, and the MOF and the STA are responsible for formulating and implementing the details of the plan. However, the MOF and the STA have not yet formulated relevant implementation regulations or rules.

According to the Notice of the STA on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 045) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the STA on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, normally withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount will be refunded. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or are under other situations, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed by the Central People's Government of Mainland of China and the Government of the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Tax Evasion on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) (the "**Fifth Protocol**"), issued by the STA and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

- ***Enterprise Investors***

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") which was latest amended by the SCNPC and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and was last amended on December 6, 2024 and became effective on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a

PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation. Notice of the STA on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was promulgated by the STA and came into effect on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. The Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) that was promulgated by the STA on July 24, 2009, further provides that any Chinese resident enterprise listed on any overseas stock exchange must withhold EIT at a rate of 10% on dividends distributed to non-PRC resident enterprise shareholders. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol issued by the STA and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Furthermore, the implementation of dividend provisions under tax treaties must comply with the provisions of relevant PRC tax legislations, including the Notice of the STA on the Implementation of the Dividend Provisions under Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

- ***Tax Treaties***

Non-PRC resident investors who are residents of countries that have signed agreements to avoid double taxation with the PRC are eligible for reduced withholding tax rates on dividends received from PRC enterprises. The PRC currently has entered into agreements or arrangements to avoid double taxation with various countries and regions, including but not limited to Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States.

Under the relevant income tax treaties or arrangements, non-PRC resident enterprises entitled to preferential tax rates shall apply to the PRC tax authorities for a refund of any withholding tax paid in excess of the treaty rate. Such refunds are subject to approval by the PRC tax authorities.

Taxation on Share Transfer

- ***Value-Added Tax and Local Surcharges***

Pursuant to the Notice on the Comprehensive Implementation of the Pilot Transition from Business Tax to Value-Added Tax (《關於全面推開營業税改徵增值税試點的通知》) (the "**Circular 36**"), which was effective from May 1, 2016, entities and individuals engaged in the provision of sales services within the PRC are subject to VAT. Those who "engaged in the provision of sales services within the PRC" refers to either the sellers or the buyers of taxable services who are located within the PRC. Circular 36 further stipulates that, for general or foreign VAT taxpayers, the transfer of financial products (including the transfer of ownership of marketable securities) is subject to VAT at a rate of 6% on the taxable income (i.e., the difference between the sale price and the purchase price). However, individuals transferring financial products are exempt from VAT.

Under these regulations, if the shareholder is a non-resident individual, the sale or disposal of H Shares is exempt from VAT in the PRC. If the shareholder is a non-resident enterprise and the buyer of the H Shares is an individual or entity located outside the PRC, the shareholder is not required to pay VAT. However, if the buyer of the H Shares is an individual or entity located within the PRC, the shareholder is subject to VAT. Given that there is no clear regulation explicitly defining whether a non-PRC resident enterprise is required to pay VAT on the sale of H Shares, the interpretation and application of the aforementioned rules remain uncertain.

In addition, VAT taxpayers are also subject to urban maintenance and construction tax, education surcharges, and local education surcharges (collectively, the "**Local Surcharges**"), which are typically 12% of the VAT payable, if any.

Income Tax

- ***Individual Investors***

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the STA on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The STA has not expressly stated whether it will continue to exempt tax on income of individuals from transferring the shares of listed enterprises in the latest amended Individual Income Tax Law.

However, on December 31, 2009, the MOF, STA and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》), which came into effect on January 1, 2010, which states that individuals' income from the transfer of listed shares obtained from the **[REDACTED]** of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

- ***Enterprise Investors***

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

- ***Tax Policy on Shanghai-Hong Kong Stock Connect***

On October 31, 2014, the MOF, the STA, and the CSRC jointly issued the Circular on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (the "**Shanghai-Hong Kong Stock Connect Taxation Policy**"). According to the Shanghai-Hong Kong Stock Connect Tax Policy, for mainland enterprise investors who obtain transfer price gains through Shanghai-Hong Kong Stock Connect when investing in stocks listed on the Hong Kong Stock Exchange, the gains are included in their total income and enterprise income tax is levied in accordance with the law. For mainland enterprise investors who obtain dividend and bonus income through Shanghai-Hong Kong Stock Connect when investing in stocks listed on the Hong Kong Stock Exchange, the income is included in their total income and enterprise income tax is levied in accordance with the law. Among them, dividend and bonus income obtained by mainland resident enterprises holding H-shares continuously for 12 months is exempt from enterprise income tax. For dividend and bonus income obtained by mainland enterprise investors, H-share companies do not withhold dividend and bonus income tax for mainland enterprise investors. The taxable amount shall be declared and paid by the enterprise itself.

For dividend and bonus income obtained by mainland individual investors through Shanghai-Hong Kong Stock Connect when investing in H-shares listed on the Hong Kong Stock Exchange, H-share companies should apply to China Securities Depository and Clearing Corporation Limited (hereinafter referred to as "**China Clearing**") for the mainland individual investor list provided by China Clearing, and H-share companies shall withhold personal income tax at a rate of 20%. Pursuant to the Announcement on Continued Implementation of Individual.

Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai-Hong Kong Stock Markets and Shenzhen-Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated by the MOF, the STA and the CSRC on August 21, 2023 and effective on the same date, the transfer spread income derived by domestic individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from December 5, 2019 to December 31, 2027.

- ***Tax Policy on Shenzhen-Hong Kong Stock Connect***

On November 5, 2016, the MOF, the STA, and the CSRC jointly issued the Notice on Tax Policies for the Pilot Program of Shenzhen-Hong Kong Stock Market Trading Interconnection Mechanism (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (the "**Shenzhen-Hong Kong Stock Connect Taxation Policy**"). According to the Shenzhen-Hong Kong Stock Connect Tax Policy, for mainland enterprise investors who obtain transfer price gains through Shenzhen-Hong Kong Stock Connect when investing in stocks listed on the Hong Kong Stock Exchange, the gains are included in their total income and subject to enterprise income tax in accordance with the law. For mainland enterprise investors who obtain dividend and bonus income through Shenzhen-Hong Kong Stock Connect when investing in stocks listed on the Hong Kong Stock Exchange, the income is included in their total income and subject to enterprise income tax in accordance with the law. Among them, dividend and bonus income obtained by mainland resident enterprises holding H-shares continuously for 12 months is exempt from enterprise income tax in accordance with the law. For dividend and bonus income obtained by mainland enterprise investors, H-share companies do not withhold dividend and bonus income tax on behalf of mainland enterprise investors. The taxable amount shall be declared and paid by the enterprise itself.

For dividend and bonus income obtained by mainland individual investors through Shenzhen-Hong Kong Stock Connect when investing in H-shares on the Hong Kong Stock Exchange, H-share companies shall submit an application to China Securities Clearing Corporation which will provide the H-share company with a register of mainland individual investors, and H-share companies shall withhold personal income tax at a rate of 20%.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated on August 21, 2023 and effective on the same date, the transfer spread income derived by domestic individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax from August 21, 2023 to December 31, 2027.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》), which was issued on June 10, 2021 and effective from July 1, 2022, stamp duty in the PRC only applies to documents that are signed or received within the PRC, and that are legally binding and protected by the laws of the PRC. Accordingly, the provisions on the imposition of stamp duty on the transfer of shares in companies listed in the PRC do not apply to non-PRC investors who purchase or sell H Shares outside of the PRC.

Estate Duty

As at the Latest Practicable Date, no estate duty is levied within the PRC.

2. PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

Under the EIT Law, resident enterprises are subject to enterprise income tax (the "**EIT**") at a rate of 25% on their worldwide income, including income derived from both domestic and overseas sources. Foreign-invested enterprises (the "**FIEs**") operating in China are classified as resident enterprises and are therefore required to pay EIT at the standard rate of 25% on their global income.

In accordance with the EIT Law, high and new technology enterprises (the "**HNTEs**") benefit from a reduced EIT rate of 15%. As stipulated in the Administrative Measures for the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》), which was promulgated on April 14, 2008, and last amended on January 29, 2016, an HNTE certificate is valid for three years and may be renewed upon successful inspection and approval by the SAT and other relevant authorities.

Value-added Tax

Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值税法》) (the "**Value-added Tax Law**") promulgated by the SCNPC on December 25, 2024 and became effective on January 1, 2026, entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with the Value-added Tax Law. A small-scale taxpayer shall be exempted from VAT if it has a taxable transaction and the sales amount does not reach the threshold for levying VAT; if the sales amount has reached the threshold for levying, VAT shall be computed and paid fully pursuant to the provisions of the Value-added Tax Law. The criteria stipulated shall be stipulated by the State Council and filed with the SCNPC for the record.

3. FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is still subject to foreign exchange control and is not freely exchangeable. The State Administration of Foreign Exchange (the "**SAFE**"), under the authorization of the People's Bank of China (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulations**") which became effective on April 1, 1996 and was last amended on August 5, 2008. The latest Foreign Exchange Regulations clearly state that no restriction will be imposed on international current payments and transfers.

On June 20, 1996, the PBOC promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "**Settlement Regulations**"), which became effective on July 1, 1996. The Settlement Regulations abolish the remaining restrictions on foreign exchange conversion for recurrent items, while retaining the existing restrictions on foreign exchange transactions for capital items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), issued by the PBOC on July 21, 2005, with effect from the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

Starting from January 4, 2006, the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, the PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On July 1, 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD on that day using the weighted average of the remaining market makers' offered quotations after excluding the highest and lowest quotations, and announce the central parity of the RMB against currencies such as the USD at 9:15 a.m. on each working day. On August 11, 2015, the PBOC issued a statement on the improvement of the central parity quotations of RMB against the USD by authorizing market makers to provide central parity quotations to the China Foreign Exchange Trading System with reference to the interbank foreign exchange market closing rate of the previous day, together with the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

According to the relevant laws in the PRC, Chinese enterprises (including foreign-invested enterprises) that require foreign exchange for current item transactions may, without the approval of the SAFE, effect payment through their foreign exchange accounts at designated foreign exchange banks, on the strength of valid receipts and proof. Foreign-invested enterprises that require foreign exchange for the distribution of profits to their shareholders, and Chinese enterprises that are required by regulations to pay dividends to their shareholders in foreign exchange (such as the Company), may, on the strength of resolutions of the board of directors or shareholders on the distribution of profits, effect payment from their foreign exchange accounts or effect exchange and payment at designated banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters Including Cancellation and Adjustment of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》), cancelling the approval requirement of the SAFE and its branches for the repatriation and settlement of proceeds raised through overseas listings.

On December 26, 2014, the SAFE issued the Notice on Issues Concerning Foreign Exchange Administration for Overseas Listings) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), pursuant to which, domestic companies must register their overseas listings with the local SAFE branch at their registered address within 15 business days of concluding the overseas listing issuance; the proceeds from overseas listings may be repatriated to the PRC or retained offshore, provided their intended use aligns with disclosures in prospectuses or other public filings.

On February 13, 2015, the SAFE issued the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which became effective on June 1, 2015 and was amended on December 30, 2019. The Notice abolished the confirmation requirements for foreign exchange registration under both domestic direct investment and overseas direct investment, instead mandating that such registrations be directly examined and handled by banks. The SAFE and its branch offices shall implement indirect regulation of foreign exchange registration for direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by SAFE and became effective on June 9, 2016 and amended on December 4, 2023, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, the SAFE issued the Notice on Further Advancing Foreign Exchange Management Reform and Improving the Review of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which further expands the scope of domestic foreign exchange loan settlement, allowing domestic foreign exchange loans with the background of commodity trade and exports to be settled; allowing funds under domestic guarantee and foreign loans to be transferred back; allowing foreign exchange settlement via the foreign exchange accounts of foreign institutions in pilot free trade zones; implementing full-coverage administration of overseas lending in both local and foreign currencies, where a domestic institution engages in overseas lending, the combined balance of foreign exchange lending in local and foreign currencies shall not exceed a maximum of 30% of the owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was amended on December 4, 2023. The notice stipulates that based on the legal and regulatory framework for investment-based foreign-invested enterprises to carry out domestic equity investments with their registered capital, non-investment foreign-invested enterprises are also permitted to make domestic equity investments with their registered capital, provided that such investments do not violate the current Special Management Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) and the domestic projects in which they invest are authentic and compliant.

According to the Notice on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE and became effective on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilized capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The concerned bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.