REGULATIONS RELATING TO FOREIGN INVESTMENT

The Company Law of the PRC (《中華人民共和國公司法》), which was amended by the SCNPC on December 29, 2023 and became effective on July 1, 2024, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC.

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the National People's Congress of the PRC (the "**NPC of the PRC**") came into effect. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors, while the organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law and other laws. The PRC government implements the administration system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favorable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The current Negative List is the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the NDRC and the MOFCOM on September 6, 2024 and came into effect on November 1, 2024. While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment and proposes the establishment of a foreign investment information reporting system.

The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the MOFCOM and the SAMR, which came into effect on January 1, 2020. According to the Foreign Investment Information Reporting Method, foreign investors who directly or indirectly carry out investment activities in China shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting methods include initial reports, change reports, cancelation reports, and annual reports. Foreign investors who establish foreign invested enterprises in China or acquire domestic non-foreign-invested enterprises through equity merger and acquisition shall submit initial reports through the enterprise registration system when applying for the registration of the establishment of foreign-invested enterprises or applying for the registration of the change of the acquired enterprises.

Besides, on December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, the scopes of review and procedures to review, among others.

REGULATIONS RELATING TO NON-COMMERCIAL INTERNET INFORMATION SERVICES

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "**Internet Measures**"), which was promulgated by the State Council on September 25, 2000, amended on January 8, 2011 and 6 December 2024, internet information services are categorized as either commercial or non-commercial services. The commercial internet information services are subject to a permit system while the non-commercial internet information services to a record-filing system. Entities engaged in providing non-commercial internet information services shall fill with competent telecom administrative authority or State Council's department in charge of information industry.

REGULATIONS RELATING TO PHARMACEUTICAL OPERATION

In September 1984, the SCNPC promulgated the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the "**Drug Administration Law**"), which was amended in 2001, 2013, 2015 and 2019 respectively, to regulate all entities or individuals engaging in research, manufacture, operation, use, supervision and management of drugs within the PRC. According to the Drug Administration Law, no pharmaceutical operation, including pharmaceutical wholesale and pharmaceutical retail business, is permitted without obtaining the Pharmaceutical Operation License. If the trading of drugs is conducted without a Pharmaceutical Operation License, the illegal incomes by selling drugs shall be confiscated and the local Food and Drug Administration (the "**FDA**", which is now known as the Medical Products Administration, or the "**MPA**"), shall impose the fine ranging from 15 to 30 times of the value of the illegally sold drugs (including sold or unsold drugs). The Implementation Rules for the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》), was promulgated by the State Council in August 2002 and amended in 2016, 2019, 2024 and 2026, which emphasized the detailed implementation rules of drugs administration. On 27 September 2023, the SAMR promulgated the Measures for the Supervision and Administration of the Quality of Pharmaceutical Operation and Use (《藥品經營和使用質量監督管理辦法》). Accordingly, pharmaceutical wholesalers or retailers must fulfill certain requirements and qualifications with respect to management system, personnel, facilities and others in order to be granted the Pharmaceutical Operation License. The valid term of the Pharmaceutical Operation License is five years and application for renewal shall be submitted within the period of six months to two months prior to its expiration. Prescription drugs may not be sold or given away by pharmaceutical retailers without valid prescriptions. The MPA shall review the renewal application in accordance with the procedures and requirements for applying for a Pharmaceutical Operation License as stipulated in Measures for the Supervision and Administration of the Quality of Pharmaceutical Operation and Use (《藥品經營和使用質量監督管理辦法》), and may conduct on-site inspections when necessary. A decision on whether to grant the Pharmaceutical Operation License shall be made prior to the expiration of the validity period of the drug supply certificate.

According to the Measures on Prescription Drugs and OTC Drugs Classification Management (Trial) (《處方藥與非處方藥分類管理辦法(試行)》) and the Interim Provisions on the Circulation of Prescription and OTC Drugs (《處方藥與非處方藥流通管理暫行規定》), which were both promulgated by the State Drug Administration, which was restructured and integrated into the SFDA, and became effective in January 2000, drugs are divided into prescription drugs and over-the-counter drugs, or OTC drugs. For prescription drugs, the dispensing, purchase and use can only be based on the prescription issued by the certified medical practitioner or certified medical assistant practitioner. In addition, the prescription drugs can only be advertised and promoted in professional medical magazines. OTC drugs, on the other hand, are further divided into Class A and Class B and they both can be purchased and used without a prescription and promoted in public upon approval by the relevant governmental authorities. The pharmaceutical wholesale enterprises distributing prescription drugs and/or OTC drugs, as well as pharmaceutical retail enterprises selling prescription drugs and/or Class-A OTC drugs are required to obtain the Pharmaceutical Operation License.

REGULATIONS RELATING TO FOOD OPERATION

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》), promulgated on February 28, 2009 and latest amended on September 12, 2025, and the Implementation Regulations of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》), issued on July 20, 2009 and latest amended on October 11, 2019, and effective on December 1, 2019, the business operators shall obtain a license in accordance with the laws and regulations in order to engage in food production, sale or catering services.

The Administrative Measures for Food Operation Licensing and Filing (《食品經營許可和備案管理辦法》) promulgated by SAMR on 15 June 2023 further stipulates the requirements and procedures of food operation licensing and filing. Except for a few specified circumstances, food operation operators shall obtain the food operation license for each business venue where they engage in food operation activities. The food operation license is valid for five years. If only pre-packaged food is sold, it must be registered with the local Market Supervision and Management Department at or above the county level. The Group has completed the filing with the local Market Supervision authority and has been granted the Food Operation Filing Certificates (食品經營備案憑證).

REGULATIONS RELATING TO INTERNET PHARMACEUTICAL TRANSACTION

On 3 August 2022, SAMR published the Supervision and Administration Measures of Online Pharmaceuticals Sales (《藥品網絡銷售監督管理辦法》) (the "**Measures for Online Pharmaceuticals Sales**"), which took effect on 1 December 2022, aiming to enhance the supervision of online pharmaceutical sales and related third-party platform services. Key obligations for online pharmaceutical sellers include operating within the approved business scope, filing with and reporting changes to the local medical products administration, and displaying the Pharmaceutical Operation License prominently on the sales page. The Measures for Online Pharmaceuticals Sales also assign specific responsibilities to third-party platform providers for overall supervision. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other material penalties due to non-compliance with Measures for Online Pharmaceuticals Sales.

For the purpose of the implementation of the Drug Administration Law and the Measures for Online Pharmaceuticals Sales, and the safety use of drugs by the public, on 30 November 2022, NMPA published the first version of the List of Drugs Prohibited for Sale Online (《藥品網絡銷售禁止清單(第一版)》) (the "**Prohibited List**"). The Prohibited List specifies the detailed categories of the drugs prohibited from selling online (the "**Prohibited Pharmaceuticals**"), including the following two main categories: (i) drugs that are prohibited from selling by laws and regulations, including vaccines, blood products, anesthetics, psychotropic drugs, toxic drugs for medical use, radiopharmaceuticals, pharmaceutical precursor chemicals, medicinal preparations of medical institutions and traditional Chinese medicine granules; and (ii) other drugs that are prohibited from online retailing.

REGULATIONS RELATING TO ONLINE DRUG INFORMATION SERVICES

According to the Administrative Measures for Online Drug Information Service (《互聯網藥品信息服務管理辦法》), promulgated by SFDA on 8 July 2004 and amended on 17 November 2017, the Internet drug information service refers to the activities of providing medical information (including medical devices) and other services to Internet users through the Internet, and where any website intends to provide Internet drug information services, it shall, prior to applying for an operation permit or record-filing from the State Council's department in charge of information industry or the telecom administrative authority at the provincial level, file an application with the provincial FDA, and shall be subject to the examination and approval thereof for obtaining the qualifications for providing Internet drug information services. The validity term for a Qualification Certificate for Internet Drug Information Services is five years and may be renewed at least six months prior to its expiration date upon a re-examination by the licensing authority. Where, after examination, the original licensing authority deems the conditions satisfied, it shall issue a new certificate. Pursuant to the Measures Regarding the Administration of Drug Information Service over the Internet, the Internet drug information services are classified into two categories, namely, profit-making services and non-profit making services. Profit-making services refer to that of providing Internet users with drug information in return for service fees whilst non-profit-making services refers to that of providing Internet users with drug information which is shared and accessible by the public through the Internet free of charge. Furthermore, the information relating to drugs shall be accurate and scientific in nature, and its provision shall comply with the relevant laws and regulations. No product information of stupefacient, psychotropic drugs, medicinal toxic drugs, radiopharmaceutical, detoxification drugs and pharmaceutics made by medical institutes shall be distributed on the website. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other material penalties due to non-compliance with Administrative Measures for Online Drug information Service. Advertisements relating to drugs (including medical devices) shall be approved by the CFDA or its competent branches, and shall specify the approval document number.

REGULATIONS RELATING TO MEDICAL DEVICES OPERATION

The Measures on the Supervision and Administration of the Business Operations of Medical Devices (《醫療器械經營監督管理辦法》) (the "**Measures on Medical Devices**") was promulgated by SAMR on 10 March 2022 and took effect on 1 May 2022. Pursuant to the Measures on Medical Devices, NMPA shall be responsible for the supervision and administration of nationwide business operations concerning medical devices. Medical devices are divided into three classes depending on the degree of risks of medical devices. Entities engaged in distribution of Class III medical devices shall obtain a medical device operating license and entities engaged in distribution of Class II medical devices shall complete filings with the competent local MPA, while entities engaged in distribution of medical devices of Class I are not required to conduct any filing or obtain any license. In addition, in accordance with Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), promulgated by the State Council on 4 January 2000 and lastly amended on 6 December 2024, for those engaged in the operation of Class II medical devices, the operating enterprise shall register with the local NMPA. Class II medical devices whose product safety and effectiveness are not affected by the circulation process may be exempted from operation filing. For the operation of Class III medical devices, the operating enterprise shall apply for a business permit from the local NMPA. The Medical Devices Operation License (醫療器械經營許可證) is valid for five years. The Measures on Medical Devices stipulates that a medical device operator must apply to renew its license between 90 and 30 working days before it expires. The licensing authority will then review the application, potentially including an on-site inspection, and must decide whether to approve the renewal before the current license's expiration date.

REGULATIONS RELATING TO ONLINE SALES OF MEDICAL DEVICE

On 20 December 2017, the CFDA promulgated the Measures for the Administration and Supervision of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》) (the "**Online Medical Devices Sales Measures**"), which became effective on 1 March 2018. According to the Online Medical Devices Sales Measures, enterprises engaged in online sales of medical devices must be medical device manufacture and operation enterprises with medical devices production licenses or operation licenses or being filed for record in accordance with laws and regulations, unless such licenses or record-filing is not required by laws and regulations. Pursuant to the Online Medical Devices Sales Measures, an enterprise engaging in online sales of medical devices shall carry out online sale of medical devices through its own website or a third-party platform for online trading services for medical devices. An enterprise engaging in online sale of medical devices through its own website shall obtain a Qualification License for Internet Drug Information Services. Enterprises engaging in online sales of medical devices shall take technical measures to ensure the data and materials of medical devices online sales are authentic, complete and retrospective. For the enterprises engaging in online sales of medical devices, such enterprises shall display its medical device production and operation license or record-filing certificate on visible place of its homepage, and the information of the medical devices published on the website shall be consistent with the related contents registered or filed for record; in addition, the business scope shall not exceed the scope of its production and operation license or the scope filed for record.

REGULATIONS RELATING TO DRUG PACKAGE INSERT AND LABELING

The Provisions for Drug Package Insert and Labeling (《藥品說明書和標籤管理規定》) issued by NMPA, establish mandatory requirements for the content and presentation of drug package inserts and labels to ensure medication safety and protect patients' right to be informed. The regulation mandates that all information must be scientifically accurate, clear, and legible. The specific format, content, and writing requirements for the package insert must comply with the relevant regulations formulated by the NMPA.

The inner and outer labels of a drug are required to contain detailed information, including the drug name, ingredients, indications, dosage and administration, adverse reactions, contraindications, and storage conditions.

REGULATIONS RELATING TO ADVERTISING

The Advertising Law of the People's Republic of China (2021 Amendment) (《中華人民共和國廣告法(2021年修正)》) establishes a stringent regulatory framework for drug advertising, requiring that all advertisements must undergo pre-release review and obtain approval from provincial-level market regulators, with their content strictly limited to the particulars of the package insert approved by the national drug authorities and prohibited from exceeding this scope; the law explicitly bans the use of endorsers for recommendations or testimonials, and further prohibits any assertions or guarantees of efficacy or safety, any claims regarding cure or effectiveness rates, any comparative claims against other products, and any recommendations from institutions or patients, in addition to imposing a complete ban on advertising for specific categories including narcotics, psychotropic drugs, and toxic drugs for medical use.

REGULATIONS RELATING TO NON-MEDICAL HEALTH PRODUCTS

Pursuant to the Food Safety Law of the People's Republic of China(《中華人民共和國食品安全法》) and the relevant provisions of the Measures for the Health Food Registration and Filing Administration(《保健食品注冊與備案管理辦法》), health food products must undergo registration or filing procedures, and their claimed health functions shall have scientific basis and shall not involve disease prevention or treatment functions. Meanwhile, according to Article 78 of the Food Safety Law, the labeling and instructions of health food products must be consistent with the registered or filed content and shall carry the statement "This product cannot replace medicine".

REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMER PROTECTION

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by SCNPC on 22 February 1993 and most recently amended on 29 December 2018, applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product's manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties. Severe violations may subject the responsible individual or enterprise to criminal liabilities.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), which was promulgated on 28 May 2020, and became effective on 1 January 2021, the infringed party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage. Where the product defects are caused by the producers, the sellers shall have the right to recover the same from the producers after paying compensation. If the products are defective due to the fault of the seller, the producer may, after paying compensation, claim the same from the seller.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on 31 October 1993 and was amended on 27 August 2009 and 25 October 2013. Under the amendments made on 25 October 2013, all business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any consumer information they obtain during their business operations. In addition, in extreme situations, pharmaceutical product manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties.

The Administrative Standard of Pharmaceutical Operating Quality (《藥品經營質量管理規範》) was promulgated on 25 June 2015 and was amended on 13 July 2016. The Standard requires operators to implement strict controls on their operation of pharmaceutical products, including standards regarding staff qualifications, premises, warehouses, inspection equipment and facilities, management and quality control, and to strengthen return management to guarantee drug quality and safety during the return process and prevent the mixing-in of counterfeit drugs. For retail sales, the Standard states that the drugs shall not be returned or replaced once sold for any reasons except for the reason of drug quality.

REGULATIONS RELATING TO CYBERSECURITY AND INFORMATION SECURITY

The Decision Regarding the Protection of Internet Security (《關於維護互聯網安全的決定》), enacted by the SCNPC, on 28 December 2000 and amended on 27 August 2009, provides that any activities conducted through the internet, if constituting a crime under PRC laws, are subject to criminal punishment.

On 1 July 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》). The National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

The Cybersecurity Law of PRC (《中華人民共和國網絡安全法》), enacted by SCNPC on 7 November 2016 and amended on 28 October 2025, with the revised version taking effect from 1 January 2026, provides that network operators must set up internal security management systems that meet the requirements of a multi-level protection system for cyber security, including appointing dedicated cyber security personnel, taking technical measures to prevent computer viruses, network attacks and intrusions, taking technical measures to monitor and record network operation status and cyber security incidents, and taking data security measures such as data classification, backups and encryption.

On 13 March 2019, the CAC and the SAMR jointly issued the Notice on the Implementation of App Security Certification (《關於開展App安全認證工作的公告》), which encourages mobile application operators to voluntarily obtain app security certification, and search engines and app stores are encouraged to recommend certified applications to users.

The Measures for Cybersecurity Review (《網絡安全審查辦法》) was promulgated on 13 April 2020 and was amended on 28 December 2021, with the revised version (the "**Measures for Cybersecurity Review 2022**") taking effect from 15 February 2022. The Measures for Cybersecurity Review 2022 provides that the relevant operators shall apply with the Cybersecurity Review Office of the CAC for a cybersecurity review under the following circumstances: (i) Internet platform operators holding over one million individuals' personal information aiming for listing overseas; (ii) operators of "critical information infrastructure" purchasing Internet products and services that affects or may affect national security. In addition, any network product or service or any data processing activity that affects or may affect national security as deemed by member organizations of the cybersecurity review mechanism shall be reviewed under the Measures for Cybersecurity Review 2022 after the Cybersecurity Review Office reports it to the Central Cyberspace Affairs Commission as per the procedure and the latter approves a review. Article 10 of the Measures for Cybersecurity Review 2022 also set out certain general factors which would be the focus in assessing the national security risk during a cybersecurity review.

On 10 June 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》), which took effect on 1 September 2021. The Data Security Law provides for data security obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of Important Data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities. However, the scope of Important Data is still under development and may be further clarified by various PRC governmental authorities by way of issuing ministry-level measures, regulatory guidelines and/or national standards. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information.

On 30 July 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which took effect on 1 September 2021. According to the Regulations on Security Protection of Critical Information Infrastructure, a "critical information infrastructure" refers to an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage. The competent governmental authorities of the aforementioned important industries will be responsible for (i) organising the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (ii) promptly notifying the identified operators and the public security department of the State Council of the identification results.

The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) were jointly promulgated by the MIIT, the CAC and the Ministry of Public Security (the "**MPS**") on 12 July 2021 and took effect on 1 September 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to these provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. Network product providers are required to report relevant information of security vulnerability of network products with the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to these provisions, the breaching parties may be subject to administrative penalty as regulated in accordance with the Cybersecurity Law.

On 24 September 2024, the State Council published the Network Data Security Management Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025. The Network Data Security Management Regulations require network data processors whose data processing activities affect or may affect national security to undergo a national security review in accordance with relevant state regulations.

In the meantime, the governmental authorities have also enhanced the supervision and regulation on cross-border data transfer. For example, on 7 July 2022, the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Measures for Cross-border Data Transfer**") were issued by the CAC, which became effective on September 1 2022. The Measures for Cross-border Data Transfer require that any data processor providing important data collected and generated during operations within the PRC or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. Another example is that, on 22 February 2023, the Measures for the Prescribed Agreement on Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》) (the "**Measures for Prescribed Agreement**") were released by the CAC, which came into force on 1 June 2023. The Measures for Prescribed Agreement attach the prescribed agreement template that could be used to satisfy one of the conditions for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law. On March 22 2024, the CAC issued the Provisions on Facilitating and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》) (the "**Cross-Border Data Flows Provisions**"), which came into effect on the same day, providing the following circumstances under which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer: (i) critical information infrastructure operators providing personal information or important data overseas; and (ii) data processors other than critical information infrastructure operators providing important data overseas, or cumulatively providing overseas personal information (excluding sensitive personal information) of more than one million individuals or sensitive personal information of more than 10,000 individuals since January 1 of the current year. "Important data" is defined under Measures for Cross-border Data Transfer as any data, the tampering, damage, leakage, or illegal acquisition or use of which, may endanger national security, the operation of the economy, social stability, public health and security, etc. The Cross-Border Data Flows Provisions also provides that, where the data processors other than critical information infrastructure operators provide personal information (excluding sensitive personal information) overseas of not less than 100,000 but not more than one million individuals, or the sensitive personal information of not more than 10,000 individuals, cumulatively as of January 1 of the current year, it shall conclude a standard contract with overseas recipients or pass the authentication on personal information protection. Articles 3 to 6 of the Cross-Border Data Flows Provisions mainly provide the exemptions from applying for the security assessment or authentication, and filing the standard contracts. Exemptions include but are not limited to international trade, cross-border transportation, academic cooperation, transactional manufacturing, marketing and other activities that do not involve personal information or important data, among others. In addition, the Cross-Border Data Flows Provisions clarify that data processors are not required to conduct security assessment for outbound data transfer for data that has not been notified or published as "important data" by relevant departments or regions. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties.

REGULATIONS RELATING TO PERSONAL INFORMATION PROTECTION

The Cybersecurity Law imposes certain data protection obligations on network operators, including that network operators may not disclose, tamper with, or damage users' personal information that they have collected, or provide users' personal information to others without consent. Moreover, network operators are obligated to delete unlawfully collected information and to amend incorrect information.

The Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which was issued by the MIIT on 29 December 2011 and took effect on 15 March 2012, stipulate that internet information service providers may not collect any user personal information or provide any such information to third parties without the consent of a user, unless otherwise stipulated by laws and administrative regulations. An internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information as necessary for the provision of its services. An internet information service provider is also required to properly store user personal information, and in case of any leak or likely leak of the user personal information, the internet information service provider must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

The Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), which was issued by the SCNPC on 28 December 2012 and took effect on the same day, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), which was issued by the MIIT on 16 July 2013 and take effect on 1 September 2013, stipulate that any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scope.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which was issued by the CAC, the MIIT, the MPS, and the SAMR on 23 January 2019, app operators shall collect and use personal information in compliance with the Cybersecurity Law and shall be responsible for the security of personal information obtained from users and take effective measures to strengthen personal information protection. Furthermore, app operators shall not force their users to make authorisation by means of default settings, bundling, suspending installation or use of the app or other similar means and shall not collect personal information in violation of laws, regulations or breach of user agreements.

Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or disclose personal information of others.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which took effect on 1 November 2021. The Personal Information Protection Law applies to the processing of personal information of individuals within the territory of the PRC, as well as personal information processing activities outside the territory of PRC, for the purpose of providing products or services to natural persons located within China, for analyzing or evaluating the behaviors of natural persons located within China, or for other circumstances as prescribed by laws and administrative regulations.

Furthermore, the Personal Information Protection Law stipulates the rules for cross-border transfer of personal information. Any cross-border transfer of personal information is subject to the condition that it is necessary to provide the personal information to a recipient outside the territory of the PRC due to any business need or any other need, as well as the satisfaction of at least one of the conditions prescribed by the Personal Information Law.

REGULATIONS RELATING TO ONLINE TRADING

According to the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》), as promulgated by the SAMR on 15 March 2021 and revised on 18 March 2025, an online trading business shall continuously publicize the information of business entities or a link to such information in a prominent position on the homepage of its website or the main page of its business activities.

REGULATIONS RELATING TO ANTI-MONOPOLY

According to the PRC Anti-unfair Competition Law (《中華人民共和國反不正當競爭法》), which took effect on 1 December 1993 and last amended on 27 June 2025, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities.

The PRC Anti-monopoly law (《中華人民共和國反壟斷法》), which took effect on 1 August 2008 and last amended on 24 June 2022, prohibits monopolistic conduct such as entering into monopoly agreements, abusing market dominance and concentration of undertakings that may have the effect of eliminating or restricting competition. On 10 March 2023, the SAMR issued the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), which took effect on 15 April 2023, to further prevent and prohibit the abuse of dominant market positions. On 7 February 2021, the Anti-Monopoly Commission of the State Council promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms (《國務院反壟斷委員會關於平台經濟領域的反壟斷指南》) ("**Anti-Monopoly Guidelines**"), which took effect on the same date and will operate as a compliance guidance for platform economy operators under the existing PRC anti-monopoly laws and regulations.

REGULATIONS RELATING TO ANTI-BRIBERY

According to the Compliance Guidelines for Pharmaceutical Companies to Prevent Commercial Bribery Risks (《醫藥企業防範商業賄賂風險合規指引》) issued by the SAMR on January 10, 2025, pharmaceutical companies shall be the primary responsible entities for preventing commercial bribery risks, and shall assume primary responsibilities, strengthen internal control and compliance management to prevent commercial bribery risks, and consciously resist commercial bribery practices.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

Patents in the PRC are principally protected under the Patent Law of the PRC (《中華人民共和國專利法》) and related rules and regulations. The Chinese patent system adopts a first-to-file principle. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. The duration of a patent right is either 10 years, 15 years or 20 years from the date of application, depending on the type of patent right.

Copyright

Copyrights in the PRC, including software copyrights, are principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) and related rules and regulations. Under the Copyright Law of the PRC, the term of protection for software copyrights is 50 years.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on 20 February 2002, regulate registrations of software copyrights, exclusive licensing contracts for software copyrights and assignment agreements. The National Copyright Administration administers software copyright registration and the Copyright

Protection Center of China is designated as the software registration authority. The Copyright Protection Center of China grants registration certificates to the computer software copyrights applicants which meet the relevant requirements.

Trademark

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) and related rules and regulations. Trademarks are registered with the Trademark office of National Intellectual Property Administration, formerly the Trademark Office of the State Administration of Industry and Commerce. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017 and effective as of 1 November 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), employers must execute written labor contracts with full-time employees. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated by the SCNPC on 28 October 2010 and became effective on 1 July 2011 and as amended on 29 December 2018, enterprises in China are required to pay social insurance premiums, including basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance and employment injury insurance. An employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated time limit and be subject to a daily 0.05% late fee since the payment is due. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue.

According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) which was promulgated by the State Council on 3 April 1999 and became effective on 3 April 1999 and as lastly amended on 24 March 2019, employers and individuals within China are required to pay housing accumulation funds. An employer that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated time limit; otherwise, an application may be made to a local court for compulsory enforcement. According to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which was promulgated on July 31, 2025 and came into effect on September 1, 2025, if the employer and its employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where the employer fails to pay social insurance contributions in accordance with the applicable laws, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the Labor Contract Law of the PRC, the People's Court shall support such claims.

REGULATIONS RELATING TO LEASING

Pursuant to the Law of the PRC on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department.

According to the Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the NPC in March 2007 and latest amended in December 2018, and the Implementation Rules of 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 in December 2007 and lastly amended in December 2024, other than a few exceptions, the income tax rate for both domestic enterprises and foreign-invested enterprises is 25%. Enterprises are classified as either "resident enterprises" or "non-resident enterprises". Besides enterprises established within the PRC, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their global income. A non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. An income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Value-Added Tax

The Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), promulgated by the SCNPC on December 25, 2024 and effective from January 1, 2026, together with its implementation regulations effective from the same date, supersede the previous provisional regulations. All enterprises and individuals engaged in the sale of goods, provision of services, sale of intangible assets or real property, and importation of goods within the PRC are liable for value-added tax ("**VAT**"). The generally applicable VAT rates are 13%, 9%, 6% and 0%.

Dividend Withholding Tax

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and 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》), the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise is the beneficial owner of the dividends and directly holds at least 25% of the PRC enterprise.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《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》), if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) (the "**SAT Circular 60**"), which became effective in November 2015, require that non-resident enterprises which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to ongoing administration by the tax authorities. In the case where the non-resident enterprises do not apply to the withholding agent to claim the tax treaty benefits, or the materials and the information stated in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent should withhold tax pursuant to the provisions of the PRC tax laws. The SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》) (the "**SAT Circular 35**") on 14 October 2019, which became effective on 1 January 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the SAT Circular 60. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular of the State Administration of Taxation on Several Issues regarding the "Beneficial Owner" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》), which was issued on 3 February 2018 by the SAT, effective as of 1 April 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties.

REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING

On 17 February 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and relevant five guidelines, which came into force on 31 March 2023.

According to the Trial Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) domestic companies that seek to offer or list securities overseas directly means that PRC companies limited by shares offer or list securities in overseas securities markets; and (iii) any PRC company limited by shares are required to file with the CSRC within three business days after its application for overseas listing is submitted. Failure to complete the filing under the Trial Measures may subject a PRC domestic company to rectification ordered by the CSRC, warning, and fine of RMB1 million to RMB10 million.

Besides, PRC domestic companies seeking to Overseas Offering and Listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, State-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. PRC domestic companies that conducts Overseas Offering and Listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, shall not divulge any state secret or the work secrets of state authorities, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provision of personal information and important data. In addition, the Trial Measures also provides the circumstances where the Overseas Offering and Listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by specific PRC laws and regulations; (ii) that constitute threat to or endanger national security; (iii) the PRC domestic company, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that controlled by the controlling shareholder(s) and/or the actual controller.

On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which came into force on March 31, 2023. According to the Provision on Confidentiality, where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuing to the relevant provisions of the State.

Full Circulation of H Shares

"Full Circulation" represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On 14 November 2019, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》), as amended on 10 August 2023, which allows certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "Full Circulation". After completing the required filing with the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the transfer of registration with the China Securities Depository and Clearing Corporation Limited of the shares related to the application has been completed.

On 31 December 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》), which are applicable to cross-border transfer registration, depository and holding, details maintenance, transaction entrustment and instruction transmission, settlement, clearing participant management, nominee holder services and other related operations involved in H-Share Full Circulation Business.

On 20 September 2024, the CSDC issued the H-Share Full Circulation Business Guide for CSDC Shenzhen Branch (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》) and subsequently amended it in June 2025, which are applicable to the H-Share Full Circulation Business which includes activities such as preparation, account arrangement, cross-border transfer registration and overseas centralized depository, initial records and records of changes of onshore shareholding details, corporate actions, clearing and settlement, and risk management measures. On the same day, China Securities Depository and Clearing (Hong Kong) Co., Ltd. amended the H-Share Full Circulation Business Guide of China Securities Depository and Clearing (Hong Kong) Limited (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》), which apply to the share custody and depository, nominee services, settlement arrangements and risk management measures involved in the H-Share Full Circulation Business.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on 29 January 1996 and was lastly amended on 5 August 2008. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange, ("**SAFE**") or its local counterpart is obtained.

On 30 March 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**"). According to the SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, the SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises.

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**") which became effective on 1 June 2015 and was amended on 30 December 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Management Policy of Capital Account Settlement (《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》) ("**SAFE Circular No. 16**") issued by the SAFE on June 9, 2016, and amended on 4 December 2023, if there is any inconsistency between the previous circular (e.g., SAFE Circular No. 19) and SAFE Circular No. 16, SAFE Circular No. 16 shall prevail. SAFE Circular No. 16 will standardize the settlement of foreign exchange for all domestic institutions. In addition, the use of foreign exchange earnings from capital items by domestic institutions shall comply with the principles of truthfulness and self-consumption within the scope of business operation.

On 26 January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《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 stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities.

According to the Circular of the People's Bank of China and the State Administration of Foreign Exchange on Issues Related to the Administration of Funds Related to Overseas Listings by Domestic Enterprises (Yin Fa [2025] No. 252) (《關於境內企業境外上市資金管理有關問題的通知》), which took effect on April 1, 2026, a domestic joint stock company that completes an overseas listing or issuance of overseas depositary receipts following recordation with the China Securities Regulatory Commission is required to apply for overseas listing registration with a bank in its place of incorporation within 30 working days of the first trading day or the completion of any over-allotment. Proceeds from such overseas listings must, in principle, be repatriated to China promptly; any overseas retention for purposes such as overseas direct investment, overseas securities investment, or overseas lending must be approved or filed with the competent authorities prior to the completion of the overseas offering or over-allotment. Funds repatriated in foreign currency are to be deposited into the company's capital account-settlement accounts and may be settled into RMB at the company's discretion, while funds repatriated in RMB may be deposited into either capital account-settlement accounts or domestic RMB bank settlement accounts. The use of proceeds must remain consistent with the relevant content specified in publicly disclosed documents, including the document, bond offering circular, shareholder circular, and resolutions of the board of directors or shareholders' meeting.