I. TAXATION OF SECURITY HOLDERS

Taxation on income and capital gains for holders of H Shares shall be subject to the laws and practices of the People's Republic of China and the jurisdictions in which the holders of H Shares are located or subject to taxes for other reasons. The following summary of certain relevant tax regulations is based on the laws and practices in effect as of the Latest Practicable Date. Such laws and practices are subject to change or adjustment, and may have retrospective effect. Therefore, the following summary of tax regulations does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to [REDACTED] in the H Shares, nor does it take into account the specific circumstances of any particular investors, some of which may be subject to special regulation. Accordingly, you should consult your own tax advisor regarding the tax consequences of [REDACTED] in the H Shares.

The discussion does not address any PRC or Hong Kong tax issues other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective [REDACTED] are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of holding and [REDACTED] of H Shares.

(I) Taxation on Dividends

1. Individual investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) (the "**Individual Income Tax Law**"), as amended by the Standing Committee of the National People's Congress on August 31, 2018 and effective from January 1, 2019, and the Implementation Provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), as amended by the State Council on December 18, 2018 and effective from January 1, 2019, when a PRC enterprise distributes dividends to individual investors, income tax shall be withheld and prepaid at a uniform rate of 20%. For foreign individuals who are not PRC residents, dividends received from PRC enterprises are generally subject to individual income tax at a rate of 20%, unless specifically exempted by the tax authorities of the State Council or reduced under relevant tax treaties.

According to the Notice on Issues Concerning Differentiated Individual Income Tax Policies 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 State Administration of Taxation, and the CSRC on September 7, 2015 and effective from September 8, 2015, for stocks of listed companies acquired by individuals from public offerings or the transfer market, if the holding period exceeds one year, the dividend and bonus income is temporarily exempted from individual income tax; if the holding period is less than one month (inclusive), the full amount of dividend and bonus income is included in the taxable income; if the holding period is more than one month but less than one year (inclusive), 50% of the income is temporarily included in the taxable income; the aforesaid income is subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland 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》) (the "**Arrangement**") 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 gross amount of the dividends. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, and is the beneficial owner of the dividends and satisfies other conditions, such tax shall not exceed 5% of the gross amount of the dividends payable by the PRC company.

The Fifth Protocol to the Arrangement between the Mainland 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〉第五議定書》) (the "**The Fifth Protocol**"), effective from December 6, 2019, stipulates that the above provisions shall not apply to arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits.

In addition, the application of the dividend clauses of tax agreements is subject to the provisions set out in PRC tax laws and regulations, including the guidelines specified in the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) (《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》(國稅函[2009]81號)), which took effect on February 20, 2009. Compliance with such regulations is necessary for determining the tax applicable to dividends under the Arrangement.

2. Enterprise investors

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "**EIT Law**"), promulgated by the National People's Congress on March 16, 2007, last amended on and effective from December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《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 last amended on December 6, 2024, if a non-resident enterprise has no establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income derived from the PRC is not directly connected with such establishment or place of business, such non-resident enterprise shall be subject to a 10% enterprise income tax on its income derived from the PRC (including dividends from PRC resident enterprises). The aforesaid withholding tax payable by a non-resident enterprise shall be withheld at source, whereby the payer of the income must withhold the income tax from the amount to be paid to the non-resident enterprise. Such withholding tax may be reduced or exempted under an applicable treaty for the avoidance of double taxation.

The Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Distributed by PRC Resident Enterprises to Overseas H-share Holders Which Are Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《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》(國稅函[2008]897號)), promulgated and implemented by the SAT on November 6, 2008, further clarifies that when a PRC resident enterprise distributes dividends for 2008 and subsequent years to its non-resident enterprise shareholders of overseas H Shares, it must withhold and pay enterprise income tax at a uniform rate of 10%. In addition, the Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (Guo Shui Han [2009] No. 394) (《國家稅務總局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復》(國稅函[2009]394號)), promulgated and implemented by the State Administration of Taxation on July 24, 2009, further provides that any PRC resident enterprise listed on an overseas stock exchange must withhold and pay enterprise income tax at a rate of 10% on the annual dividends distributed to its non-resident enterprise shareholders in 2008 and thereafter. The above-mentioned tax rate may be further modified pursuant to the tax treaty that the PRC has concluded with the relevant jurisdiction.

Pursuant to the Arrangement, 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 gross amount of the dividends. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, and is the beneficial owner of the dividends and satisfies other conditions, such tax shall not exceed 5% of the gross amount of the dividends payable by the PRC company. The Fifth Protocol stipulates that the above provisions shall not apply to arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits.

In accordance with applicable regulations, the Company intends to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise shareholders of H Shares (including HKSCC Nominees Limited). Non-PRC resident enterprises entitled to a reduced tax rate under an applicable income tax treaty will need to apply to the PRC tax authorities for a refund of the portion of the withheld tax that exceeds the applicable treaty rate, and such refund is subject to verification by the PRC tax authorities.

3. Tax treaties

Non-PRC resident investors whose country or jurisdiction of residence has signed an agreement for the avoidance of double taxation with the PRC may be entitled to a reduced rate of enterprise income tax on dividends received from PRC companies. The PRC currently has treaties or arrangements for the avoidance of double taxation with multiple countries and regions, including the Hong Kong Special Administrative Region, the Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise entitled to a preferential tax rate under a relevant income tax treaty or arrangement must apply to the PRC tax authorities for a refund of the enterprise income tax exceeding the treaty rate, and the refund application is subject to the approval of the PRC tax authorities.

(II) Taxes on Transfer of Shares

1. Individual investors

According to the Individual Income Tax Law and its implementation regulations, gains realized from the sale of equity in a PRC resident enterprise are subject to individual income tax at a rate of 20%. According to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Income from the Transfer of Stocks (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)), jointly issued by the Ministry of Finance and the State Administration of Taxation on March 30, 1998, income derived by individuals from the transfer of shares of listed companies has been temporarily exempted from individual income tax since January 1, 1997.

Although the Individual Income Tax Law and its implementation regulations do not explicitly state whether the exemption of individual income tax on gains from the transfer of listed shares by individuals continues, according to the Circular on Relevant Issues Concerning the Collection of Individual Income Tax on Income from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2009] No. 167) (《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通知》(財稅[2009]167號)), jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on December 31, 2009 and effective from January 1, 2010, and the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax on Income from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (《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》(財稅[2010]70號)), jointly promulgated on November 10, 2010, income derived by individuals from the transfer of listed shares on specific domestic stock exchanges (including the Shenzhen Stock Exchange) continues to be exempt from individual income tax, with the exception of restricted shares.

As of the Latest Practicable Date, the above provisions have not explicitly stipulated whether individual income tax should be levied on the gains derived by non-PRC resident individuals from the sale of shares of PRC resident enterprises listed on overseas stock exchanges (such as the Hong Kong Stock Exchange). In practice, the PRC tax authorities have not collected income tax on the gains derived by non-PRC resident individuals from the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

2. Enterprise investors

According to the EIT Law and its implementation regulations, if a non-resident enterprise has no establishment or place of business in the PRC, or has an establishment or place of business in the PRC but its income derived from the PRC is not actually connected with such establishment or place of business, the non-resident enterprise shall be subject to enterprise income tax at a rate of 10% on its income derived from the PRC (including gains from the sale of equity in PRC resident enterprises). The aforesaid income tax payable by a non-resident enterprise shall be withheld at source, with the payer of the income acting as the withholding agent, who must withhold the income tax upon each payment or when the payment becomes due. Such tax may be reduced or exempted under an applicable treaty for the avoidance of double taxation.

(III) Value-Added Tax on Transfer of Shares

According to the Circular on Comprehensively Promoting the Pilot Program of Replacing Business Tax with Value-Added Tax (Cai Shui [2016] No. 36) (《關於全面推開營業稅改征增值稅試點的通知》(財稅[2016]36號)), which was implemented by the Ministry of Finance and the State Administration of Taxation from May 1, 2016 and subsequently amended multiple times, entities and individuals engaged in the sale of services in the PRC are subject to value-added tax, and "sale of services in the PRC" refers to transactions where the service provider or recipient is located within the PRC. The transfer of financial products (including the transfer of ownership of marketable securities) is subject to a 6% value-added tax on the taxable income (i.e., the balance of the sales price after deducting the purchase price). This VAT liability applies to general and foreign VAT payers. It is worth noting that individuals who transfer financial products are exempt from value-added tax.

According to the above provisions, non-resident individuals who sell or dispose of H Shares are exempt from PRC value-added tax. However, if the holder is a non-resident enterprise and the buyer of the H Shares is an individual or entity located outside the PRC, the holder may not be required to pay PRC value-added tax; conversely, if the buyer of the H Shares is an individual or entity located within the PRC, the holder may be required to pay PRC value-added tax. Given the lack of explicit provisions, it remains uncertain in practice whether a non-PRC resident enterprise is required to pay PRC value-added tax on the disposal of H Shares.

Meanwhile, VAT payers are also subject to urban maintenance and construction tax, education surcharge and local education surcharge, which typically amount to 12% of the actual VAT payable (if any).

(IV) Stamp Duty

According to the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花稅法》), promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and effective from July 1, 2022, PRC stamp tax applies to all types of documents that are legally binding and protected by PRC law in the PRC. Therefore, PRC stamp tax does not apply to the purchase or sale of H Shares outside the PRC.

(V) Estate Duty

Under current PRC law, the PRC does not currently levy an estate duty.

(VI) Tax Policies for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

The Ministry of Finance, the State Administration of Taxation, and the CSRC jointly issued the Circular on Tax Policies for the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《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》(財稅[2014]81號)) on October 31, 2014 and the Circular on Tax Policies for the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《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》(財稅[2016]127號)) on November 5, 2016, which stipulate that for Mainland enterprise investors investing in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the gains from transfer price differences and dividend income shall be included in their total income and subject to enterprise income tax in accordance with the law. Among these, dividend income obtained by Mainland resident enterprises from continuously holding H Shares for 12 months is exempted from enterprise income tax in accordance with the law. H-share companies do not withhold income tax on dividends for Mainland enterprise investors; the tax payable shall be declared and paid by the enterprises themselves.

For dividends obtained by Mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the H-share company shall apply to the China Securities Depository and Clearing Corporation Limited ("**CSDC**"), which will provide the H-share company with a list of Mainland individual investors, and the H-share company shall withhold individual income tax at a rate of 20%. Individual investors may apply for tax credits for withholding tax already paid overseas by presenting valid tax deduction certificates to the competent tax authority of CSDC. For dividend income obtained by Mainland securities investment funds from investing in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, individual income tax shall be levied in accordance with the above provisions.

According to the Announcement on Continuing the Implementation of Individual Income Tax Policies related to the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect and Mutual Recognition of Funds between the Mainland China and Hong Kong (《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》), jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on August 21, 2023, the gains derived by Mainland individual investors from the transfer of stocks listed on The Stock Exchange of Hong Kong Limited through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, and the gains from the transfer of Hong Kong fund units through the mutual recognition of funds, continue to be temporarily exempted from individual income tax. This announcement is effective until December 31, 2027.

II. PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

(I) Enterprise Income Tax

According to the EIT Law, in the PRC, enterprises and other organizations that derive income are taxpayers of enterprise income tax, and the statutory enterprise income tax rate is 25%.

According to the Administrative Measures for Recognition of High and New-Technology Enterprises (《高新技術企業認定管理辦法》), promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on April 14, 2008, amended on January 29, 2016 and effective from January 1, 2016, enterprises recognized as high and new-technology enterprises may apply to enjoy a preferential enterprise income tax rate of 15% in accordance with the relevant provisions of the EIT Law, with each recognition being valid for three years.

(II) Value-Added Tax

The Value-added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》), promulgated by the Standing Committee of the NPC on December 25, 2024 and effective from January 1, 2026, provides that entities and individuals engaging in the sale of goods, services, intangible assets, real properties and the importation of goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the law.

According to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, the current main VAT rates are: 13% (applicable to the sale of goods, tangible movable property leasing services and imported goods), 9% (applicable to the sale of construction services, real estate and land use rights, etc.) and 6% (applicable to the sale of other services and intangible assets). The levy rate applicable to small-scale taxpayers is 3% (1% applies in some cases).

III. FOREIGN EXCHANGE CONTROL

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange, under the People's Bank of China, is responsible for managing all matters related to foreign exchange, including the implementation of foreign exchange control regulations.

According to the Regulations on Foreign Exchange Control of the People's Republic of China (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and effective from April 1, 1996 (subsequently amended on January 14, 1997 and August 5, 2008, hereinafter referred to as the "**Foreign Exchange Control Regulations**"), all international payments and transfers are classified into current account items and capital account items. The amended Foreign Exchange Control Regulations specify that the state does not impose any restrictions on international payments and transfers under the current account; for capital accounts, foreign institutions and individuals making direct investments in the PRC shall, after approval by the relevant competent authorities, register with the foreign exchange administration authorities, and the foreign exchange and settled funds under capital accounts shall be used for the purposes approved by the relevant competent authorities and foreign exchange administration authorities.

According to the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996 and effective from July 1, 1996, while abolishing various other restrictions on foreign exchange conversion under the current account, the existing restrictions on foreign exchange transactions under the capital account are still retained.

According to the Announcement on Reforming the RMB Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》) promulgated and implemented by the People's Bank of China on July 21, 2005, since July 21, 2005, the PRC has implemented a managed floating exchange rate system based on market supply and demand with reference to a basket of currencies, and the RMB exchange rate is no longer pegged to the U.S. dollar. The People's Bank of China announces the closing rate of the Renminbi against trading currencies such as the U.S. dollar in the inter-bank foreign exchange market after the market closes on each business day, which serves as the central parity rate for the trading of that currency against the Renminbi on the following business day.

According to the relevant PRC laws and regulations, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for current account transactions may, without the approval of the foreign exchange administration authorities, make payments through foreign exchange accounts opened with designated foreign exchange banks, provided that valid transaction receipts or vouchers are provided. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of decisions of the Board of Directors or the shareholders' meetings on the distribution of profits, effect payment from foreign exchange accounts at designated foreign exchange banks or conduct exchange and payment at designated foreign exchange banks.

According to the Decision of the State Council on Cancelling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)) promulgated and implemented by the State Council on October 23, 2014, the approval requirement of the State Administration of Foreign Exchange and its branches for the repatriation and settlement of funds raised from overseas listed foreign shares has been cancelled.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) promulgated and implemented by the State Administration of Foreign Exchange on December 26, 2014: (i) the State Administration of Foreign Exchange and its branches shall supervise, manage and inspect the business registration, account opening and use, cross-border receipts and payments, and fund conversion related to the overseas listing of domestic companies; (ii) a domestic company shall, within 15 working days from the end of its overseas listing and issuance, register its overseas listing with the local branch of the State Administration of Foreign Exchange at its place of registration; (iii) funds raised from the overseas listing of a domestic company may be repatriated to the corresponding domestic entity or kept overseas, and the use of funds shall be consistent with the relevant content listed in the documents and other public disclosure documents; (iv) after the overseas listing of a domestic company, if its domestic shareholders intend to increase or decrease their holdings of overseas shares in accordance with relevant regulations, they shall, within 20 working days before the proposed increase or decrease, register their overseas shareholdings with the local foreign exchange bureau with relevant materials; (v) domestic companies (excluding banking financial institutions) shall, based on their overseas listing business registration certificates, open a "special foreign exchange account for overseas listing of domestic companies" with a domestic bank for their initial public offering (or additional offering) and repurchase businesses to handle the fund conversion and transfer for related businesses.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (《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》(匯發[2015]13號)) promulgated by the State Administration of Foreign Exchange on February 13, 2015 and effective from June 1, 2015, two administrative approval items, namely the approval of foreign exchange registration for domestic direct investment and the approval of foreign exchange registration for overseas direct investment, have been cancelled. Instead, banks shall directly review and handle foreign exchange registration for domestic direct investment and overseas direct investment, and the State Administration of Foreign Exchange and its branches shall exercise indirect supervision over the foreign exchange registration of direct investment through banks.

According to the Circular of the SAFE on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (《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》(匯發[2016]16號)), promulgated by the State Administration of Foreign Exchange on June 9, 2016 and amended on December 4, 2023, foreign exchange receipts under capital accounts subject to discretionary settlement (including foreign exchange capital, foreign debt funds, and repatriated funds from overseas listings) may be settled with banks according to the actual business needs of domestic institutions; the discretionary settlement ratio for foreign exchange receipts under the capital accounts of domestic institutions is temporarily set at 100%, and the State Administration of Foreign Exchange may adjust the said ratio based on the balance of payments situation.

According to the Circular of the SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving the Review of Authenticity and Compliance (Hui Fa [2017] No. 3) (《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》(匯發[2017]3號)), promulgated and implemented by the State Administration of Foreign Exchange on January 18, 2017, the scope of settlement for domestic foreign exchange loans was further expanded, allowing domestic foreign exchange loans with a background in goods trade exports to be settled; funds under domestic guarantees for foreign loans are allowed to be repatriated for domestic use; settlement of domestic foreign exchange accounts of foreign institutions within free trade pilot zones is allowed; and unified management of domestic and foreign currency for all outbound loans is implemented, whereby the total outstanding balance of domestic and foreign currency outbound loans by a domestic institution shall not exceed 30% of its owner's equity in the audited financial statements of the previous year.

According to the Circular on Further Promoting Cross-border Trade and Investment Facilitation (Hui Fa [2019] No. 28) (《關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)), promulgated by the State Administration of Foreign Exchange on October 23, 2019 and amended on December 4, 2023, all foreign-invested enterprises are allowed to use the Renminbi converted from their foreign currency-denominated capital for equity investment within the PRC, provided that the relevant equity investment projects within the PRC are authentic and compliant and conform to the Negative List for foreign investment; eligible enterprises in pilot areas are allowed to use income under capital accounts such as capital, foreign debt, and overseas listings for domestic payments without providing authenticity supporting materials to the bank on a case-by-case basis in advance, provided that their use of funds is authentic, compliant, and in line with the current administrative regulations on the use of capital account income.

According to the Circular 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》) by the SAFE, promulgated and implemented by the State Administration of Foreign Exchange on April 10, 2020, the reform to facilitate the payment of capital account income is promoted nationwide, allowing eligible enterprises to use income under capital accounts such as capital, foreign debt, and overseas listings for domestic payments without providing authenticity supporting materials to the bank on a case-by-case basis in advance, provided that the use of funds is authentic, compliant, and in line with the current administrative regulations on the use of capital account income.