# REGULATORY OVERVIEW

We are required to comply with the relevant laws, rules, and regulations applicable in the jurisdictions where we conduct business across various aspects of our operations. This section sets forth a summary of the laws, regulations, and regulatory instruments of the PRC that currently have a material impact on our business activities in China. While these Chinese laws may be amended from time to time, this summary does not purport to provide a comprehensive or detailed legal analysis of all such laws relating to our business operations in China, nor does it constitute an exhaustive list of all Chinese laws applicable to our activities in the jurisdiction.

## LAWS AND REGULATIONS RELATING TO COMPANIES

In accordance with the Company Law of the PRC (《中華人民共和國公司法》), as most recently amended by the Standing Committee of the National People's Congress (the "**NPCSC**") on December 29, 2023, and effective as of July 1, 2024, limited liability companies and joint stock limited companies established in the PRC possess corporate legal person status. The liabilities of shareholders in limited liability companies and joint stock limited companies are limited to the amount of capital they have subscribed to contribute or the shares they have purchased, respectively. The Company Law of the PRC also applies to foreign-invested enterprises. Where laws on foreign investment have other stipulations, such stipulations shall apply.

## LAWS AND REGULATIONS RELATING TO FOREIGN-INVESTED ENTERPRISES AND OVERSEAS INVESTMENT

### Foreign-Invested Enterprises

Foreign investment activities within the territory of the PRC are principally governed by the following regulations: (i) the Catalog of Industries for Encouraging Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》), which is jointly promulgated by the Ministry of Commerce of the PRC (the "**MOFCOM**") and the NDRC and is subject to amendment from time to time; (ii) the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), which is also jointly promulgated by the MOFCOM and the NDRC and is subject to amendment from time to time; and (iii) the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which was adopted by the National People's Congress (the "**NPC**") on March 15, 2019 and became effective on January 1, 2020, together with its corresponding implementing rules and ancillary regulations.

Pursuant to the Foreign Investment Law, China implements a management system for foreign investment based on pre-entry national treatment and the Negative List. Pre-entry national treatment refers to according foreign investors and their investments treatment no less favorable than that accorded to domestic investors and their investments during the investment admission phase. The Negative List refers to the special administrative measures for market access imposed by the State on foreign investment in specific sectors.

The NDRC and the MOFCOM implemented the Negative List on November 1, 2024. This list consolidates restrictive measures concerning equity ratios and management for foreign investment market access, as well as sectors prohibited to foreign investment. The Negative List covers 11 industries. Foreign investment outside the scope of the Negative List shall be accorded national treatment. Foreign investors are prohibited from investing in sectors prohibited by the Negative List. For sectors restricted by the Negative List, foreign investors must comply with the stipulated investment conditions. Foreign investment falling outside the Negative List shall be managed in accordance with the principle of equal treatment for domestic and foreign investment. The State has established a foreign investment information reporting system.

Pursuant to the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) jointly implemented by the MOFCOM and the State Administration for Market Regulation of the PRC (the "**SAMR**") on January 1, 2020, foreign investors or foreign-invested enterprises shall submit investment information in a timely manner, adhering to the principles of truthfulness, accuracy, and completeness. They shall not submit false or misleading reports, and shall not omit material information. Where foreign-invested enterprises invest and establish enterprises within the PRC (including multi-level investments), after completing registration and filing and submitting annual report information to the market regulation departments, the relevant information shall be forwarded by the market regulation departments to the competent commerce departments.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), which came into effect on January 18, 2021. These measures stipulate the working mechanism for the security review of foreign investment, including the types of investments subject to review, the scope of review, and the review procedures. Foreign investors or parties concerned in China shall declare for security review prior to make the following investments: (i) investments in sectors relating to national defense security, such as the military industry and military industry supporting sectors, as well as investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important sectors relating to national security, while obtaining actual control over the invested enterprises.

**Overseas Investment**

The MOFCOM promulgated the Administrative Measures on Overseas Investments Management (《境外投資管理辦法》) on September 6, 2014, which came into effect on October 6, 2014. Pursuant to the definition provided under the Measures, "overseas investment" refers to an act whereby an enterprise established in accordance with Chinese law establishes or acquires ownership, control, management rights or other rights and interests in a non-financial enterprise outside China through establishing a new entity, merger and acquisition, or by any other means. Overseas investments involving sensitive countries or regions, or sensitive industries, are subject to approval by the competent authorities. All other overseas investments are subject to a filing-based administration system. Local enterprises shall complete the filing procedures with the provincial-level commerce authorities in their locality. Upon successful registration and filing, qualified enterprises will obtain an "enterprise overseas investment certificate" issued by the relevant provincial commerce authority.

The NDRC promulgated the Administrative Measures for the Outbound Investment by Enterprises (《企業境外投資管理辦法》) on December 26, 2017, which took effect on March 1, 2018. According to the definition under these Measures, "outbound investment" refers to investment activities conducted by a domestic enterprise in China, either directly or through an overseas enterprise it controls, by injecting assets, equity, or providing financing or guarantees, to obtain ownership, control, management rights, or other related rights and interests in an overseas target. Undertaking outbound investment requires compliance with certain procedures, including the approval or filing of outbound investment projects, submission of relevant information, and cooperation with supervision and inspection. The NDRC promulgated the Catalog of Sensitive Industries for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》) on January 31, 2018, which took effect on March 1, 2018, detailing the industries currently designated as "sensitive."

## LAWS AND REGULATIONS RELATING TO ADVERTISING BUSINESS

On October 27, 1994, the NPCSC promulgated the Advertising Law of the PRC (《中華人民共和國廣告法》) (or the Advertising Law), which was most recently amended on April 29, 2021. The Advertising Law stipulates that advertisements shall be truthful and lawful, and advertisements with certain specific contents shall be subject to review by relevant authorities prior to publication, and any advertisement shall not involve any of the circumstances including: (i) using or using in disguised form the National Flag, the National Anthem or the National Emblem, or the Army Flag, the Army Anthem or the Army Emblem of the People's Republic of China; (ii) using or using in disguised form the names or images of state organs or their functionaries; (iii) using "state-level," "the highest-grade," "the best" or other similar words; (iv) damaging the dignity or interest of the State, or revealing state secrets; (v) hampering social stability or damaging social public interest; (vi) damaging personal or property safety, or revealing personal privacy; (vii) hampering the social public order or going against good social practice; (viii) containing any information suggesting obscenity, pornography, gambling, superstitious, terror or violence; (ix) containing any information of ethnic, racial, religious or sexual discrimination; (x) hindering the protection of the environment, natural resources or cultural heritage; and (xi) falling in other circumstances as prohibited under laws and administrative regulations. Violations of the aforementioned provisions may result in fines, confiscation of advertising revenue, orders to cease disseminating the advertisements, and orders to publish advertisements correcting the misleading information. In serious cases, the market regulation departments may order the termination of advertising operations or revoke business licenses.

On May 1, 2023, the Administrative Measures for Internet Advertising (《互聯網廣告管理辦法》) issued by the SAMR took effect to regulate commercial advertising activities for the direct or indirect promotion of commodities or services within the territory of the People's Republic of China by making use of websites, webpages, internet applications and other internet media in the forms of texts, pictures, audios, videos or other forms. The Internet Advertising Measures specifically set out the following requirements, including but not limited to: (i) internet advertisements shall be authentic and legal, adhere to the correct orientation, express the advertisement content in a healthy way and comply with the requirements of building a socialist society with an advanced culture and ideology as well as promoting good traditional Chinese culture; (ii) an Internet advertisement shall be identifiable so that it can be clearly identified by consumers as an advertisement. Any paid search advertisement for a product or service shall be prominently indicated as an "advertisement" by the advertising publisher to distinguish it from natural search results; (iii) where an Internet advertisement is published in the form of pop-up or otherwise, the advertiser and the advertisement publisher shall clearly mark a Close symbol to ensure that it can be closed by one click and shall not conduct in a way that will negatively affect the one-click-close function; (iv) cheating or misleading users into clicking on or browsing advertisements is prohibited; (v) the advertisers shall be responsible for the authenticity of the content of Internet advertisements; (vi) the advertising agencies and the advertisement publishers shall establish, improve and implement systems of registration, examination and archives management in respect of Internet advertising business; (vii) where an Internet advertisement is published by means of algorithmic recommendation or otherwise, the relevant rules of the algorithmic recommendation service and the record of advertisement placement shall be included in the advertisement archives.

## REGULATIONS RELATING TO ONLINE LIVE STREAMING AND MARKETING

Pursuant to the Provisions on the Administration of Internet Live Streaming Services (《互聯網直播服務管理規定》) promulgated by the Cyberspace Administration of China (CAC) on November 4, 2016 and effective on December 1, 2016, "Internet live streaming" refers to the activities of continuously releasing real-time information to the public in the form of video, audio, images, and text based on the Internet. "Internet live streaming service providers" refer to entities that provide Internet live streaming platform services. In addition, Internet live streaming service providers shall take various measures when operating services, such as checking and verifying the authenticity of identity information, and registering and filing relevant information.

Pursuant to the Administrative Measures for Online Live Streaming Marketing (Trial) (《網絡直播營銷管理辦法(試行)》) promulgated by seven departments including the CAC on April 16, 2021 and effective on May 25, 2021, those engaging in online live streaming marketing activities shall comply with laws and regulations, follow public order and good customs, abide by business ethics, adhere to the correct orientation, promote core socialist values, and foster a sound cyber ecology. Live streaming studio operators and live streaming marketing personnel engaging in online live streaming marketing activities shall comply with laws, regulations, and relevant national provisions, follow public order and good customs, and truthfully, accurately, and comprehensively release information on goods or services.

On March 25, 2022, the CAC, the SAT, and the SAMR jointly issued the Opinions on Further Regulating the Profit-making Behaviors of Online Live Streaming to Promote the Healthy Development of the Industry (《關於進一步規範網絡直播營利行為促進行業健康發展的意見》), which set forth further requirements for maintaining a fair competition environment for online live streaming and safeguarding the legitimate rights and interests of merchants and consumers.

## LAWS AND REGULATIONS RELATING TO PROPERTY LEASING MANAGEMENT

Pursuant to (i) the Urban Real Estate Management Law of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the NPCSC on July 5, 1994 and last amended on August 26, 2019 with effect from January 1, 2020, and (ii) the Measures for the Administration of Commodity Housing Leasing, (《商品房屋租賃管理辦法》), promulgated by the MOHURD on December 1, 2010 and effective from February 1, 2011, the lessor and the lessee shall enter into a written lease contract for the leased premises. The contract shall include, among other things, the following contents: the lease term, requirements for the use of the premises, the rental amount, responsibilities for maintenance of the premises, and other rights and obligations of both parties. Both the lessor and the lessee are required to complete the registration and filing procedures for the property lease with the real estate administration department in the location of the leased property within 30 days from the execution of the property lease contract. Failure to register and file by the lessor and the lessee may result in the imposition of a fine.

## LAWS AND REGULATIONS RELATING TO LAND

### Land Use Rights

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), which was most recently amended by the NPCSC on August 26, 2019 and took effect on January 1, 2020, state-owned land may be allocated or granted to units for construction use in accordance with the law. According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), which was most recently amended by the State Council on March 10, 2024 and implemented on May 1, 2024, real estate registration shall be handled by the real estate registration agency of the people's government at the county level in the place where the real estate is located.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), the creation, alteration, transfer, and extinction of real property rights shall become effective upon completion of registration in accordance with the law. The real property ownership certificate serves as proof that the right holder enjoys the respective real property rights. In accordance with the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) and the Detailed Rules for the Implementation of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) most recently revised by the Ministry of Natural Resources of the PRC and effective on May 9, 2024, the State implements a unified real estate registration system.

## LAWS AND REGULATIONS RELATING TO LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

### Labor Contract

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), which was most recently amended by the NPCSC on December 29, 2018 and came into effect on the same date, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was most recently amended by the NPCSC on December 28, 2012 and took effect on July 1, 2013, and the Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), promulgated by the State Council on September 18, 2008 and effective as of the same date, it is stipulated that the employment relationship between employers and employees must be established in writing. Employers are required to establish a labor safety and health system, strictly comply with national standards, and provide relevant education to employees. Employees, in turn, must work in a safe and hygienic environment.

### Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was most recently amended by the NPCSC on December 29, 2018 and came into effect on the same date, the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was most recently amended by the State Council on March 24, 2019 and came into effect on the same date, and the Provisional Regulations on the Collection of Social Insurance Contributions (《社會保險費徵繳暫行條例》), which was most recently amended by the State Council on March 24, 2019 and came into effect on the same date, enterprises in China are required to contribute for their employees to the basic pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, basic medical insurance, and housing provident fund schemes based on the statutory contribution base and contribution rates. In the event that an employer fails to make full social insurance contributions on time, the social insurance contribution collection agency shall order it to make payment within a specified timeframe. A late payment surcharge of 0.05% per day shall be imposed from the date the payment becomes overdue. If the employer still fails to make the payment after the specified deadline, the relevant administrative department may impose a fine ranging from one to three times the amount in arrears. If a unit fails to make or underpays its housing provident fund contributions by the deadline, the Housing Provident Fund Management Center shall order it to make the deposit within a specified period. If the unit still fails to make the deposit after the deadline, the Center may apply to the People's Court of the PRC for compulsory enforcement.

Pursuant to the Opinions of the General Office of the State Council on the Comprehensive Implementation of the Merger of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》), promulgated and implemented by the General Office of the State Council on March 6, 2019, the State promotes the integration of the maternity insurance fund into the basic medical insurance fund for employees, to be carried out under a unified contribution collection system.

The Supreme People's Court promulgated the Interpretation II of the Supreme People's Court on 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)》) on July 31, 2025, which became effective on September 1, 2025. According to this judicial interpretation, any agreement between an employer and an employee stating that social insurance premiums need not be paid shall be invalid, and when an employee terminates the labor contract on this ground, the employee shall be entitled to claim economic compensation from the employer.

## LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

### Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), which was most recently amended by the NPCSC on October 17, 2020, and came into effect on June 1, 2021, the Implementing Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was most recently amended by the State Council on December 11, 2023, and came into effect on January 20, 2024, and the Measures for the Recordal of Patent Licensing Contracts (《專利實施許可合同備案辦法》), promulgated by the China National Intellectual Property Administration on June 27, 2011, and effective as of August 1, 2011, invention means inventions, utility models, and designs. Invention means any new technical solution proposed for a product, a process, or an improvement thereof. Utility model means any new technical solution proposed for the shape, structure, or combination thereof of a product, which is fit for practical use. Design means any new design of the shape, pattern, or a combination thereof, or the combination of color with shape or pattern, of the whole or a part of a product, which creates an esthetic feeling and is fit for industrial application. The duration of patent rights for inventions is 20 years, for utility models is 10 years, and for designs is 15 years, all counted from the date of filing.

According to the relevant provisions of the Patent Law of the PRC and its implementation rules, an invention creation that is accomplished by a person in the course of performing any task for an entity by which the inventor or designer is employed, or by using materials or technical means that are mainly from a certain entity shall be considered as a service-based invention. The right to apply for a patent for a service-based invention shall belong to such entity. Upon grant of the patent, such entity shall be the patentee. Such entity may dispose of its right to apply for a patent for the service-based invention creation and the patent right in accordance with the law, to promote the implementation and application of the relevant invention. The entity granted with the patent right shall reward the inventor or designer of the relevant service-based invention creation. After the implementation of the invention creation patent, the inventor or designer shall be compensated reasonably according to the scope of market application of the patent as well as the economic benefits obtained from its implementation.

### Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), which was most recently amended by the NPCSC on April 23, 2019, and came into effect on November 1, 2019, and the Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was amended on April 29, 2014, and came into effect on May 1, 2014, the term of validity of a registered trademark is ten years, calculated from the date of its approval and registration. If there is a need to continue using the registered trademark upon the expiration of its term of validity, the registration renewal procedures must be completed in accordance with the relevant regulations within 12 months prior to the expiration date. If the procedures cannot be completed within this period, a six-month grace extension may be granted. Each renewal of a registered trademark is valid for ten years, calculated from the day following the expiration of the previous term of validity. The trademark registrant may license another party to use its registered trademark by concluding a trademark license contract. However, the licensing matter must be submitted to the Trademark Office for recordal. Failure to complete the recordal formalities does not affect the validity of the license contract, but such license may not be asserted against a bona fide third party. The licensor shall supervise the quality of the goods, and the licensee shall guarantee the quality of the goods when using the registered trademark.

**Copyright**

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), which was most recently amended by the NPCSC on November 11, 2020, and came into effect on June 1, 2021, and the Implementing Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》), which was most recently amended on January 30, 2013, and came into effect on March 1, 2013, works of Chinese citizens, legal persons, or unincorporated organizations, that is, intellectual achievements in the fields of literature, art, and science that are original and can be expressed in a certain form, shall enjoy copyright in accordance with the law, regardless of whether they are published. Copyright includes a series of personal rights and property rights such as the right of publication, the right of attribution, the right of revision, the right to protect the integrity of the work, and the right of reproduction.

Pursuant to the Measures for the Registration of Copyright in Computer Software (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and became effective on the same date, and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) amended by the State Council on January 30, 2013, and effective as of March 1, 2013, the National Copyright Administration is responsible for administering the registration of software copyright nationwide and has designated the China Copyright Protection Center as the software registration authority. The China Copyright Protection Center shall issue a registration certificate to applicants for computer software copyright who meet the requirements stipulated in the Measures for the Registration of Copyright in Computer Software (《計算機軟件著作權登記辦法》) and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》).

**Domain Names**

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") of the PRC on August 24, 2017, and effective as of November 1, 2017, the Implementation Rules for the Registration of Country Code Top-Level Domains (《國家頂級域名註冊實施細則》) and the Rules for the Dispute Resolution Procedure for Country Code Top-Level Domains (《國家頂級域名爭議解決程序規則》) promulgated by the China Internet Network Information Center on June 18, 2019, and effective on the same date; entities establishing domain name root servers and their operating institutions, domain name registry administrations, and domain name registration service agencies within the territory of China must obtain approval from MIIT or the communications administration departments of the relevant provinces, autonomous regions, or municipalities directly under the Central Government. The principle of "first-come, first-served" applies to domain name registration services. Furthermore, the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names for Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), promulgated by MIIT on November 27, 2017, and effective as of January 1, 2018, stipulates the obligations of entities such as Internet information service providers regarding counter-terrorism and safeguarding network security.

**Trade Secrets**

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the NPCSC on September 2, 1993, most recently amended on June 27, 2025 and effective on October 15, 2025, and the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases of Trade Secret Infringement (《最高人民法院關於審理侵犯商業秘密民事案件適用法律若干問題的規定》) promulgated by the Supreme People's Court on September 10, 2020 and effective on September 12, 2020, trade secrets refers to commercial information such as technical and business information that is unknown to the public, has commercial value and is maintained as a secret by its right holders taking corresponding confidentiality measures. Business persons are prohibited from infringing others' trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion,

or any other means; (2) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the preceding item; (3) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting or assisting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential.

## LAWS AND REGULATIONS RELATING TO TAX

### Corporate Income Tax

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税法》) promulgated by the NPC on March 16, 2007, last amended on December 29, 2018 and took effect on the same date, and the Regulation 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税法實施條例》) promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and took effect on January 20, 2025, domestic enterprises established in China according to the law shall be regarded as resident enterprises. Resident enterprises shall pay the enterprise income tax at the rate of 25% on their income derived from within and outside the PRC, the enterprise income tax shall be levied at the reduced rate of 20% for qualified small and low-profit enterprises, and 15% for qualified high-tech enterprises.

### Value-added Tax

According to the Value-added Tax Law of People's Republic of China (《中華人民共和國增值税法》) promulgated by the NPCSC on December 25, 2024, and took effect on January 1, 2026, unless otherwise stipulated by the regulations, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%. Unless otherwise stipulated by the regulations, for payers who engage in the sale of transport services, postal services, basic telecommunications services, construction services, or real property leasing services, the sale of real properties, the transfer of land use rights, the sale or importation of goods such as agricultural products, the tax rate shall be 9%. Unless otherwise stipulated by the regulations, for payers who sell services or intangible assets, the tax rate shall be 6%.

### Withholding Tax On Dividends

According to the provisions of the Enterprise Income Tax Law of the People's Republic of China and its relevant implementation regulations, dividends declared and distributed to non-resident enterprise investors, who either have no establishment or place of business in the PRC or have such but the income is not effectively connected therewith, are generally subject to an income tax rate of 10%, provided that the dividends are sourced from within the PRC.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**DTA**") and other applicable laws of the PRC, if a Hong Kong resident enterprise is recognized by the competent PRC tax authorities as meeting the relevant conditions and requirements of the aforesaid DTA and other applicable laws, the dividends obtained by the Hong Kong resident enterprise from a PRC resident enterprise may enjoy a reduced withholding income tax rate of 5% from 10%. However, according to the Notice of the State Administration of Taxation on Issues Concerning the Implementation of the Dividend Clause of Tax Treaties (《國家税務總局關於執行税收協定股息條款有關問題的通知》) issued by the State Administration of Taxation

on February 20, 2009, if the relevant PRC tax authorities, at their discretion, determine that an enterprise's enjoyment of the preferential tax rate is primarily due to a tax-driven structure or arrangement, the PRC tax authorities may adjust the relevant preferential tax treatment.

## LAWS AND REGULATIONS RELATING TO ANTI-MONOPOLY AND ANTI-UNFAIR COMPETITION

### Anti-Monopoly Law

Pursuant to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**"), which was promulgated by the Standing Committee of the National People's Congress on August 30, 2007, effective from August 1, 2008, and subsequently amended on June 24, 2022, effective from August 1, 2022, the Anti-Monopoly Law applies to monopolistic conducts in economic activities within the territory of China, as well as monopolistic conducts outside China that have the effect of eliminating or restricting competition in the domestic market. The monopolistic conducts stipulated in the Anti-Monopoly Law include undertakings reaching monopoly agreements, undertakings abusing their dominant market position, and concentrations of undertakings that have or may have the effect of eliminating or restricting market competition. The anti-monopoly enforcement authority of the State Council is responsible for anti-monopoly enforcement work in accordance with the provisions of the Anti-Monopoly Law. The anti-monopoly enforcement authority of the State Council may, based on work requirements, authorize the relevant authorities of the provinces, autonomous regions, and municipalities directly under the central government to be responsible for the relevant anti-monopoly enforcement work. Where an undertaking violates the provisions of the Anti-Monopoly Law, the anti-monopoly enforcement authority shall order the cessation of the illegal conduct and may impose a fine.

### Anti-Unfair Competition Law

Pursuant to the Anti-Unfair Competition Law, which was promulgated by the NPCSC on September 2, 1993, became effective on December 1, 1993, and was most recently amended on June 27, 2025 and effective as of October 15, 2025, business operators shall adhere to the principles of voluntariness, equality, fairness, and good faith in their market transactions, and shall comply with law and business ethics. The term "unfair competition activities" as referred to in the Anti-Unfair Competition Law denote the acts of a business operator during the production and business operations, which violate the provisions of this Law, disrupt the order of market competition and infringe upon the legitimate rights and interests of other business operators or consumers. Where any business operator is subject to civil, administrative and criminal liability for violation of the provisions of Anti-Unfair Competition Law, and its property is insufficient to pay all liability, priority shall be given to assume the civil liability.

## LAWS AND REGULATIONS RELATING TO CYBERSECURITY, DATA SECURITY, AND PRIVACY PROTECTION

### Cybersecurity and Data Security

Pursuant to the State Security Law of the People's Republic of China (《中華人民共和國國家安全法》) promulgated and implemented by the NPCSC on July 1, 2015, the State shall establish a national security review and supervision system and mechanism to conduct national security reviews of key technologies, network information technology products and services that affect or may affect national security, in order to effectively prevent and mitigate national security risks.

In addition, the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) was promulgated on November 7, 2016 and took effect on June 1, 2017, which was most recently amended on October 28, 2025 and came into effect on January 1, 2026. Pursuant to the provisions of this law, no individual or organization shall steal or obtain personal information through other illegal means, nor shall they illegally sell or illegally provide personal information to others. Those who construct or operate networks or provide services through networks shall, in

accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, take technical and other necessary measures to ensure security and stable operation of the network, effectively respond to cybersecurity incidents, prevent illegal and criminal activities on the network, and maintain the integrity, confidentiality and availability of cyber data. In the event of a violation of the relevant provisions and requirements under the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), individuals or organizations may face penalties including warnings, fines, confiscation of illegal gains, orders to suspend relevant business, suspension of business for rectification, revocation of relevant business permits, or revocation of business licenses, and may be subject to criminal liability in accordance with the law if it constitutes a crime.

Pursuant to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), which was promulgated by the NPCSC on June 10, 2021, and came into effect on September 1, 2021, entities conducting data processing activities shall comply with laws and regulations, respect social morality and ethics, abide by business and professional ethics, act in good faith, fulfill data security protection obligations, and undertake social responsibilities, and shall not neither compromise national security and public interest nor harm the lawful rights and interests of any individual or organization. Any individual or organization collecting data shall employ lawful and proper means and shall not acquire data through theft or other illegal methods.

The Regulations on Network Data Security Management (《網絡數據安全管理條例》) were promulgated by the State Council on September 24, 2024, and came into effect on January 1, 2025. These Regulations apply to network data processing activities and their security supervision within the PRC territory, with key provisions including: (i) clarifying requirements for formulating and declaring important data catalogs; (ii) optimizing cross-border data management by distinguishing obligations between the critical information infrastructure operators (the "**CIIOs**") and general data processors; (iii) improving personal information protection rules, establishing a "checklist" notification requirement at the administrative regulation level; (iv) specifying network platform operators' security verification obligations for app distribution; and (v) setting out data security protection requirements for third-party product and service providers. Furthermore, cyber data processors that provide services for state agencies or CIIOs, or participate in the construction, operation and maintenance of other public infrastructure or public service systems, shall perform their obligation of cyber data security protection and provide secure, stable and continuous services in accordance with the provisions of laws and regulations and contractual requirements.

**Cybersecurity Review and Outbound Data Transfer Security Assessment**

The Cybersecurity Review Measures (《網絡安全審查辦法》) were promulgated on December 28, 2021, and took effect on February 15, 2022. These Measures stipulate CIIOs procuring network products and services, as well as online platform operators carrying out data processing activities that do or may affect national security, shall undergo cybersecurity review. The Cybersecurity Review Measures further stipulate a cybersecurity review shall be conducted in the following circumstances: (i) online platform operators who possess personal information of more than 1 million users and seek to list overseas are obliged to apply to the Cybersecurity Review Office for a cybersecurity review; (ii) CIIOs purchasing network products or services that affect or may affect national security shall apply to the Cybersecurity Review Office for a cybersecurity review; and (iii) where members of the cybersecurity review working mechanism believe that any network product or service or data processing activity affects or is likely to affect national security, the Cybersecurity Review Office may, upon approval by the Central Cyberspace Affairs Commission in accordance with procedures, proactively initiate a cybersecurity review

On July 7, 2022, the Cyberspace Administration of China (CAC) promulgated the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which officially came into effect on September 1, 2022. According to these Measures, a data processor providing data overseas shall apply to the national cyberspace administration for a security assessment of outbound data transfer under any of the following circumstances: (i) where a data processor provides

important data overseas; (ii) where a CIIO or a data processor processing the personal information of more than 1 million individuals provides personal information overseas; (iii) where a data processor that has cumulatively provided the personal information of 100,000 individuals or the sensitive personal information of 10,000 individuals overseas since January 1 of the previous year provides personal information overseas; or (iv) other circumstances prescribed by the national cyberspace administration for which a declaration for a security assessment of outbound data transfer is required.

The Measures for the Standard Contract for the Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) promulgated by the CAC on February 22, 2023 and effective on June 1, 2023, re-define the entities and circumstances that require a security assessment of outbound data transfer, the conclusion of standard contract clauses, and the passing of protection certification, and also propose conditions for outbound data transfer activities that are exempt from declaring a security assessment, concluding standard contract clauses, and passing protection certification, establish "special zones" for outbound data transfer, and implement a negative list system in pilot free trade zones to promote the lawful, orderly, and free flow of data.

On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), which became effective on the date of promulgation. According to the Provisions, (i) a data processor other than CIIO has cumulatively provided the personal information (excluding sensitive personal information) of more than 100,000 but less than 1 million individuals or the sensitive personal information of less than 10,000 individuals overseas since January 1 of the current year, shall enter into a standard contract for outbound transfer of personal information with overseas recipients or passing a security certificate on the protection of personal information according to the law; (ii) where a data processor provides personal information overseas, it may be exempted from applying for a security assessment of outbound data transfer, concluding a standard contract for the outbound transfer of personal information or passing a security certificate for protection of personal information if it satisfies any of the following conditions: (a) where it is really necessary to provide personal information overseas for the purpose of concluding or performing a contract to which an individual concerned is a party, such as cross-border shopping, cross-border delivery, cross-border remittance, cross-border payment, cross-border account opening, air ticket and hotel reservation, visa handling and examination services; (b) where it is really necessary to provide employees' personal information overseas for the purpose of conducting cross-border human resources management in accordance with the employment rules and regulations and collective contracts formulated in accordance with the law; (c) where it is really necessary to provide personal information overseas in an emergency to protect the life, health and property safety of a natural person; or (d) where a data processor other than a CIIO has cumulatively provided the personal information (excluding sensitive personal information) of not more than 100,000 individuals accumulatively overseas since January 1 of the current year.

Pursuant to the Critical Information Infrastructure Security Protection Regulations (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021, and effective from September 1, 2021, critical information infrastructure refers to important network facilities and information systems in important industries and sectors such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, and national defense science, technology, and industry, as well as other important network facilities and information systems that, once damaged, lose their functions, or suffer data leaks, may seriously endanger national security, the national economy and people's livelihood, or public interests. The department responsible for the security protection of critical information infrastructure (the "**protection authority**") shall formulate identification rules for critical information infrastructure, organize the identification of such infrastructure within its respective industry or sector in accordance with such rules, and promptly notify the relevant operators of the identification results.

Furthermore, pursuant to Article 1 of the Basic Law of the Hong Kong Special Administrative Region, the Hong Kong Special Administrative Region is an inalienable part of the PRC. Based on the consultation conducted by our PRC Legal Advisor with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (CCRC), their response confirms that a listing in Hong Kong does not fall under the circumstances specified in Article 7 of the Cybersecurity Review Measures. Based on this, our current [REDACTED] and [REDACTED] do not require proactive declaration for cybersecurity review under Article 7 of the Cybersecurity Review Measures.

**Laws and Regulations Relating to Privacy Protection**

On December 29, 2011, the MIIT issued Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網資訊服務市場秩序若干規定》), which became effective on March 15, 2012, and provides that an internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent, unless otherwise provided by laws and administrative regulations. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, internet information service providers collecting users' personal information with users' consent are required to: (i) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, internet information service providers must take immediate remedial measures and, if severe consequences are caused or may be caused, make an immediate report to the telecommunications regulatory authority that granted their internet information service licenses or filings and cooperate with relevant authorities in investigation and solution.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡資訊保護的決定》), issued by the NPCSC on December 28, 2012, and the Provisions on the Protection of Telecommunication and Internet User's Personal Information (《電信和互聯網用戶個人資訊保護規定》), issued by the MIIT on July 16, 2013 and effective on September 1, 2013, any collection and use of any user personal information must be subject to the consent of the user, follow the principles of legality, rationality, and necessity, and fall within the specified purposes, methods and scopes in the applicable law.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), which came into effect on January 1, 2021, the personal information of natural persons is protected by law. Any organization or individual shall, when necessary, obtain personal information of others in accordance with the law and ensure the security of such information. They shall not illegally collect, use, process, transmit, sell, provide, or disclose the personal information of others.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) was promulgated by the NPCSC on August 20, 2021, and became effective on November 1, 2021. In accordance with this Law, the processing of personal information shall have a definite and reasonable purpose, be directly related to the processing purpose, and be conducted in a manner that minimizes the impact on individuals' rights and interests. The collection of personal information shall be limited to the minimum scope necessary to achieve the purpose of processing, and excessive collection of personal information is prohibited. Personal information processors are responsible for the personal information they process and shall take necessary measures to safeguard the security of the processed personal information. No organization or individual may illegally collect, use, process, transmit, sell, provide, or disclose the personal information of others, nor may they engage in personal information processing activities that endanger national security or public interests.

In addition, the PRC Cybersecurity Law provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; and (iii) network service providers shall not divulge, tamper with or damage the personal information they have collected, and shall not provide personal information to others without the consent of the persons whose data is collected. However, there will be an exception to the rules if the information has been processed and cannot be recovered, making it impossible to match such information with specific persons.

**AI LARGE MODELS AND ALGORITHMS**

On July 10, 2023, the CAC, together with other relevant authorities, released the Interim Measures on Administration of Generative AI Services (《生成式人工智慧服務管理暫行辦法》), or the Generative AI Measures (《生成式人工智慧辦法》), which came into effect on August 15, 2023 and imposed compliance requirements on providers of generative AI services. According to the Generative AI Measures, individuals or organizations that provide generative AI services of texts, images, audios, videos, and other content shall be responsible as the producers of such network information content to fulfill the obligations of network information security and as the personal information handlers to protect any personal information involved. Certain providers of generative AI services shall also conduct security assessments and complete regulatory filings. Non-compliance may subject generative AI services providers to penalties, including warning, public denouncement, rectification orders, and suspension of the provision of relevant services.

On December 31, 2021, the CAC, together with other relevant authorities, released the Recommended Algorithm Management Provisions for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which came into effect on March 1, 2022. According to such provisions, the algorithm-based recommendation service providers are responsible for the security of their algorithms. They must have a management system that includes measures for auditing, ethical review, fraud prevention, security assessment and data security emergency response. They must also have dedicated personnel and technical measures. Service providers should regularly review and evaluate their algorithmic mechanisms, models, data and results, and notify users when an algorithm-based recommendation service is active and provide effective channels for user complaints and reports.

On November 25, 2022, the CAC, the Ministry of Industry and Information Technology and the Ministry of Public Security released the Provisions for the Administration of Deep Synthesis in Connection with Internet Information Services (《互聯網信息服務深度合成管理規定》), which came into effect on January 10, 2023 and imposed obligations on providers, technical supporters and users of deep synthesis technology, including verifying user identity, implementing data security and personal information protection measures, content review, identifying content generated using deep synthesis technology, as well as conducting security assessments and completing filings when providing relevant services.

Article 2 of the Generative AI Measures explicitly defines the scope of application: these Measures apply to the provision of services of generating texts, images, audios, videos and other content to the public within the territory of the PRC, and where such services are not provided to the public within the territory, they shall not fall within such scope.

On March 7, 2025, Cyberspace Administration of China, Ministry of Industry and Information Technology, Ministry of Public Security, and National Radio and Television Administration issued the Measures for the Identification of AI-Generated Synthetic Content (《人工智能生成合成內容標識辦法》), which took effect on September 1, 2025, specifying compliance requirements for online information service providers to label AI-generated synthetic content. Providers shall add explicit and implicit labels to AI-generated texts, images, audio, video, and virtual scenes that may cause public confusion or misrecognition. Providers of online content dissemination services shall verify AI-generated content and ensure appropriate labeling. If some content lacks metadata but the provider detects signs of AI generation, the provider shall add labels accordingly.

## LAWS AND REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING OF DOMESTIC ENTERPRISES

### Overseas Listing

According to the Securities Law of the PRC (《中華人民共和國證券法》) promulgated by the NPCSC on December 29, 1998, most recently amended on December 28, 2019, and effective from March 1, 2020, domestic enterprises issuing securities directly or indirectly overseas or listing their securities for trading overseas shall comply with the relevant provisions of the State Council.

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and supporting guidelines promulgated by the China Securities Regulatory Commission (the "**CSRC**") on February 17, 2023 and implemented on March 31, 2023, the overseas offering and listing activities of domestic enterprises shall be in strict compliance with laws, administrative regulations and relevant provisions on national security in terms of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security, shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. If a security review is required, the relevant security review procedures shall be carried out in accordance with the law before submitting the offering and listing application to the overseas securities regulatory authorities, stock exchanges, etc.

A domestic enterprise that is listed overseas may raise funds and pay dividends in foreign currencies or RMB. The use and investment of proceeds from overseas issuance of securities by a domestic enterprise shall comply with the laws, administrative regulations and relevant national rules. The foreign exchange and cross-border flow of capitals relating to the overseas issuance and listing of a domestic enterprise shall comply with the national regulations on cross-border investment and financing, foreign exchange management, and cross-border RMB management.

If any of the following material events occur after an issuer's overseas offering and listing, the issuer shall report the details to the CSRC within three working days from the date of the occurrence and announcement of the relevant event: (1) change in control; (2) investigation, penalties or other measures taken by overseas securities regulatory authorities or relevant competent authorities; (3) the conversion of listing status or the transfer of listing board; (4) voluntary or compulsory termination of listing.

On February 24, 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 Enterprises (《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 took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise 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 enterprises 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 pursuant to the relevant provisions of the state. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

**Foreign exchange administration of overseas listing**

Pursuant to the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended and implemented on August 5, 2008, matters on foreign exchange administration in China can be divided into current accounts (such as trade-related income and expenses and payments of interest and dividends) and capital accounts (such as direct equity investment, loans and divestment). Funds under current accounts or capital accounts can only be remitted in or out after going through foreign exchange (such as settlement or purchase) related procedures or even upon obtaining necessary permits and reasonable review.

The Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**Circular 59**"), which was promulgated by the SAFE on November 19, 2012, and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedures. Pursuant to Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces. In February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), part of which was abolished in December 2019. It stipulates that banks shall, on behalf of the SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and the SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

On May 11, 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**Circular 21**"), which became effective on May 13, 2013, amended on October 10, 2018, and partially abolished on December 30, 2019. Circular 21 stipulates that the SAFE and its local branches shall manage foreign investors' direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by the SAFE or its branches.

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 on December 26, 2014, where a joint stock limited company incorporated in the PRC issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a special account for overseas listing of domestic company at a local bank to handle the exchange, remittance and transfer of funds for the business concerned.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which was promulgated on March 30, 2015, became effective on June 1, 2015, and partially abolished on December 30, 2019 and latest amended on March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis based on the actual needs of their business operations. Foreign invested enterprises are prohibited from using the foreign exchange capital settled in RMB: 1. for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; 2. for direct or indirect securities investment; 3. to provide entrusted loans (unless permitted in the business scope), repay inter-company loans (including advances to third parties) or repay RMB bank loans that have been on-lent to a third party; and 4. to purchase real estate not for self-use purposes (save for real estate enterprises). Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated and implemented by the SAFE on June 9, 2016 and partially amended on December 4, 2023, discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds, and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) which was last revised on December 4, 2023. The Notice cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot areas are also allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts.

According to the Notice on Optimizing Foreign Exchange Management to Support the Development of Foreign Businesses (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification; provided that the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts. Relevant banks should conduct spot checks in accordance with relevant provisions.

The Guidelines on Foreign Exchange Business under the Capital Account (2024 Edition) stipulate guidelines for securities investment management and other related foreign exchange business, providing guidance on foreign exchange procedures for new registration and alteration and cancellation of registration, registration of domestic shareholders' shareholdings, full circulation and other related matters of domestic companies' overseas listings.