

Chinese taxes**Taxes applicable to the Company****Corporate income tax**

As per the Law of the People's Republic of China on Enterprise Income Tax (hereinafter referred to as Law on Enterprise Income Tax) (《中華人民共和國企業所得稅法》) passed on March 16, 2007 and implemented on January 1, 2008 by the National People's Congress (hereinafter referred to as NPC), which was latest amended by the Standing Committee of the NPC on December 29, 2018, and the Implementing Regulation of the Law of the People's Republic of China on Enterprise Income Tax (hereinafter referred to as Regulation on Enterprise Income Tax) (《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, which was implemented on January 1, 2008 and revised on April 23, 2019, enterprises are divided into resident enterprises and non-resident enterprises. A resident enterprise means an enterprise lawfully incorporated in the PRC, or an enterprise lawfully incorporated pursuant to the laws of a foreign country (region) but of which the actual management functions are conducted in the PRC. A non-resident enterprise means an enterprise lawfully incorporated pursuant to the law of a foreign country (region) that has an office of premises established in the PRC with no actual management functions performed in the PRC, or an enterprise that has income derived from or accruing in the PRC although it does not have an office or premises in the PRC. Corporate income tax shall be payable by a resident enterprise for income derived from or accruing in or outside the PRC at the rate of 25%. Corporate income tax shall be payable by a non-resident enterprise, for income derived from or accruing in the PRC by its office or premises established in the PRC, and for income derived from or accruing outside the PRC with which the established office or premises has a de facto relationship at the rate of 25%. Where the non-resident enterprise has no office or premises established in the PRC or the income derived or accrued has no de facto relationship with the office or premises established, corporate income tax shall be payable by the non-resident enterprise for income derived from or accruing in the PRC at the rate of 10%. Preferential in enterprise income tax treatments are granted to the important industries and projects whose development is supported and encouraged by the state.

As per the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (hereafter referred to as NDRC) on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (《關於延續西部大開發企業所得稅政策的公告》) issued on April 23, 2020 and implemented on January 1, 2021, from January 1, 2021 to December 31, 2030, the enterprise income tax on an enterprise in an encouraged industry established in western China shall be paid at a reduced rate of 15%. For the purpose of this article, "enterprise in an encouraged industry" means an enterprise whose main business is within the scope of industry projects set out in the Catalog of Encouraged Industries in Western China (《西部地區鼓勵類產業目錄》) and whose revenue from its main business accounts for 60% or more of its gross income.

Value added tax (VAT)

As per the Interim Value-Added Tax Regulations of the People's Republic of China (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993 and implemented on January 1, 1994 by the State Council and the latest revision made on November 19, 2017, and the Implementing Rules for the Interim Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) issued and implemented on December 25, 1993 by the Ministry of Finance and the latest revision made on October 28, 2011, entities and individuals selling goods, providing

labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in China, or importing goods to China, shall be identified as taxpayers of Value-Added Tax, and shall pay VAT in accordance with the regulations.

As per the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36) (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (財稅[2016]36號) promulgated on March 23, 2016, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner as of May 1, 2016. As per the Decision of the State Council on Abolishing the Interim Regulations of the People's Republic of China on Business Tax and Amending the Interim Value-Added Tax Regulations of the People's Republic of China (《國務院關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) published and taking effective on November 19, 2017, the tax rates of the VAT are respectively 17%, 11%, 6%, and 0%. As per the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部、稅務總局關於調整增值稅稅率的通知》) (財稅[2018]32號) promulgated on April 4, 2018, since May 1, 2018, where a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively. According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019, since April 1, 2019, where a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable 16% and 10% tax rates are adjusted to be 13% and 9% respectively.

Taxes applicable to the shareholders of the Company

The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences resulting from the investment in Shares, nor does it consider the specific circumstances of any investor, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this Prospectus, all of which are subject to change that may have retrospective effect. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong, and other tax consequences of owning and disposing of Shares.

Dividend-related taxes

Individual investors

As per the Individual Income Tax Law of the People's Republic of China (hereinafter referred to as Individual Income Tax Law) (《中華人民共和國個人所得稅法》) issued and implemented on September 10, 1980 by the Standing Committee of the NPC and the latest revision made on August 31, 2018 and the Regulations on Implementation of the Individual Income Tax Law of the People's Republic of China (hereinafter referred to as Regulations on Individual Income Tax) (《中華人民共和國個人所得稅法實施條例》) promulgated and implemented on January 28, 1994 and the latest revision made on December 18, 2018, a resident individual is an individual who is domiciled in China or who is not domiciled in China but has stayed in the aggregate for 183 days or more of a tax year in China. A resident individual shall, in accordance with the provisions of this Law, pay individual

income tax on his or her income obtained inside and outside China. A nonresident individual is an individual who neither is domiciled in China nor stays in China or who is not domiciled in China but has stayed in the aggregate for less than 183 days of a tax year in China. A nonresident individual shall, in accordance with the provisions of this Law, pay individual income tax on his or her income obtained inside China. The proportional tax rate of 20% shall apply to income from interest, dividends and bonuses, income from the lease of property, income from the conveyance of property, and contingent income.

As per the Measures for the Administration of Non-resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) issued by the State Administration of Taxation on October 14, 2019, non-resident taxpayers' enjoyment of treaty benefits shall be handled in the manner of "self-assessment, enjoy when declare, and retention of relevant materials for review." If a non-resident taxpayer determines through self-assessment that he or she is eligible for treaty benefits, he or she may, when filing tax returns, or when a withholding agent files withholding returns, enjoy tax treaty benefits, and collect and retain relevant materials for review in accordance with these Measures and accept the follow-up administration of tax authorities.

Enterprise investors

In accordance with the Law on Enterprise Income Tax and Regulations on Enterprise Income Tax, generally, enterprise investors as non-resident enterprises that have not set up institutions or establishments in China, or have set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the set-up institutions or establishments, shall pay corporate income tax on the incomes generated in China at the tax rate of 10%.

As per the Circular of the State Administration of Taxation on Issues Relating to the Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the 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 on November 6, 2008, resident enterprises in China should, in distributing dividends for 2008 or any year hereafter to non-resident enterprises holding H-shares of the enterprises, withhold enterprise income tax for such dividends at a tax rate of 10%. Non-resident enterprises holding H-shares of any resident enterprise can, after receiving dividends due to them, on their own file an application to be covered by any tax agreements (or arrangements) to the competent taxation authorities and provide materials proving that they are actually beneficiary owners that meet the requirements of any such tax agreements (or arrangements) or authorize any representative or withholding agent to do so. The competent taxation authorities should, after examining and verifying such matter to be accurate and correct, refund the difference between tax levied and tax payable calculated at a tax rate specified by any such tax agreements (or arrangements).

As per the Official Reply of the State Administration of Taxation on Issues Concerning Levying Enterprise Income Tax on Dividends of B Shares and Other Shares Obtained by 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) issued and implemented on July 24, 2009, where Chinese resident enterprises that have shares (A share, B share and overseas shares) publicly issued and listed in and outside of China distribute dividends of 2008 and years thereafter to non-resident enterprise shareholders, enterprise income tax at the rate of 10% shall be unifiedly withheld and remitted. Where non-resident enterprise shareholders need to enjoy tax treatments specified in tax agreements, relevant provisions of tax agreements shall apply.

As per the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and Prevention of Tax Evasion (《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》) issued on August 21 2006 and implemented on December 8, 2006, for the dividend distributed by a resident enterprise of one party to a resident of the other party, the tax may be collected by the other party. However, such tax on such dividends may also be collected by the party of which the dividend-paying company is a resident in accordance with the laws of the party. Nevertheless, if the beneficial owner of the dividend is a resident of the other party, the collected tax shall not exceed: (1) 5% of the total amount of the dividend if the beneficial owner is a company directly holding at least 25% of the assets of the dividend-paying company; (2) 10% of the total amount of the dividend in other circumstances. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui [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[2009]81號) issued and implemented on February 20, 2009.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC enterprises. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxes related with income from share transfer

Individual investors

As per the Law on Individual Income Tax and Regulations on Individual Income Tax, the tax rate for income from transfer of property is 20%. The measures for the collection of individual income tax on income from the transfer of stocks shall be provided for separately by the State Council and be filed with the Standing Committee of the NPC.

Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (Cai Shui [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[1998]61號) issued by the Ministry of Finance and the State Administration of Taxation on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended IIT Law.

As per the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission about Issues Concerning the Imposition of Individual Income Tax on Income from the Transfer of Restricted Stocks of Listed Company by Individuals (Cai Shui [2009] No. 167) (《財政部、國家稅務總局、證監會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) issued on December 31, 2009 and implemented on January 1,

2010, and the Supplemental Notice of the Ministry of Finance, the State Administration of Taxation, and China Securities Regulatory Commission on Issues relating to Imposition of Individual Income Tax on Individuals for Income from Transferring Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (《財政部、國家稅務總局、證監會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) issued and implemented on November 10, 2010, as of January 1, 2010, income from individual's transfers of restricted stocks shall be treated as "income from property transfers" and be subject to individual income tax at the proportional tax rate of 20%. Income individuals derive from Shanghai Stock Exchange or Shenzhen Stock Exchange transfers of listed company stocks that are obtained from a listed company's public offering or through a share transfer shall remain exempt from individual income tax.

The above provisions do not clarify whether individual income tax is collected for individuals to transfer shares of Chinese resident's enterprises listed in overseas stock exchanges.

Enterprise investors

In accordance with the Law on Enterprise Income Tax and Regulations on Enterprise Income Tax, generally, enterprise investors as non-resident enterprises that have not set up institutions or establishments in China, or have set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the set-up institutions or establishments, shall pay enterprise income tax in relation to their income originating from China. The rate of corporate income tax of this income is reduced to 10%.

Tax Policies for Shenzhen-Hong Kong Stock Connect

On November 25, 2016, the CSRC and the SFC granted their approvals to Shenzhen Stock Exchange, the Hong Kong Stock Exchange, China Securities Depository and Clearing Company Limited and the HKSCC for formal launch of the Shenzhen-Hong Kong Stock Connect. Trading in shares under the Shenzhen-Hong Kong Stock Connect kicked off on December 5, 2016. Pursuant to the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (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)) and the Announcement on Continued Implementation of Individual Income Tax Policies Relating to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and Mainland and Hong Kong Mutual Recognition of Funds (Notice of the Ministry of Finance No. 93, 2019) (《關於繼續執行滬港、深港股票市場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》(財政部公告2019年第93號)):

From December 5, 2016 to December 31, 2022, gains on price difference from transfer of shares derived by mainland individual investors through investment into shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are temporarily exempt from individual income tax. Gains on price difference from transfer of shares derived by mainland corporate investors through investment into shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are credited to their total income and subject to corporate income tax in accordance with laws.

Dividends derived by mainland individual investors through investment into H shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are subject to 20% of withholding individual income tax by H shares companies. Individual investors who have paid

withholding taxes overseas, with effective taxation certificates, can apply to competent taxation authorities under China Securities Depository and Clearing Company Limited for tax credit. Dividends derived by mainland securities investment funds through investment into shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are subject to individual income tax pursuant to provisions above. Gains on dividends derived by mainland corporate investors through investment into shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are credited to their total income and subject to corporate income tax in accordance with laws. Among them, dividends derived by mainland resident enterprises for holding H shares up to 12 consecutive months are exempt from corporate income tax in accordance with laws. For such dividends derived by mainland enterprises, there will be no withholding tax on dividends payable by H shares companies, and these enterprises are liable for tax reporting and payment.

Hong Kong taxes

Taxation on dividends

No tax is payable in Hong Kong in respect of dividends paid by our Company.

Profits tax

Hong Kong profits tax will not be payable by any shareholders (other than shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisors as to their particular tax position.

Stamp duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.26% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of Shares.

Estate duty

Hong Kong estate duty was abolished effective from February 11, 2006. No Hong Kong estate duty is payable by shareholders in relation to the Shares owned by them upon death.

Foreign exchange administration of China

On January 29, 1996, the State Council promulgated the Administrative Regulations of the People's Republic of China on Foreign Exchange (hereinafter referred to as Administrative Regulations on Foreign Exchange) (《中華人民共和國外匯管理條例》), which took effect on April 1, 1996. On August 5, 2008, the State Council issued the newly revised Administrative Regulations on Foreign Exchange, and due to fundamental change of Chinese international payment balance circumstance, China's foreign exchange reserve has grown rapidly. While the previous Administrative Regulations on Foreign Exchange emphasized management of foreign exchange outflows, the newly revised Administrative Regulations on Foreign Exchange exercises balanced and standard regulations upon both inflows and outflows.

The revision of the new Administrative Regulations on Foreign Exchange is as follows: first, the application scope of Administrative Regulations on Foreign Exchange expands to foreign exchange receipts and payments or foreign exchange operations of overseas entities and individuals in China. Second, the regulation that the current account foreign income of a domestic body must be brought back to China, and the overseas foreign income may be brought back to China or saved overseas is canceled. Third, to expand capital outflow channels, domestic bodies are allowed to provide commercial loans overseas in accordance with Administrative Regulations on Foreign Exchange. Fourth, with foreign exchange management of financial institutions being improved, the financial institutions that operate foreign exchange business must report to the foreign exchange administration the foreign exchange receipts and payments and account change of the clients in accordance with law. Fifth, monitoring of cross-border foreign exchange funds flow is strengthened, and in case that serious imbalance occurs or possibly occurs to international receipts and payments and serious risk occurs or possibly occurs to national economy, the administration can take necessary guaranteeing and control measures upon international receipts and payments. Sixth, supervision and management of foreign exchange transaction strengthened, and wide scope of power was granted to the State Administration of Foreign Exchange (hereinafter referred to as SAFE) so that the supervising and managing capability can be improved. Finally, RMB exchange rate forming mechanism continues to be improved.

According to the Administrative Regulations on Foreign Exchange, current account foreign exchange income may be retained or sold to financial institutions that engage in exchange settlement and sale business. In case that capital account foreign exchange income is retained or sold to the financial institutions that engage in exchange settlement and sale business, it should be approved by the foreign exchange regulator, except the case where it is exempted from approval according to the regulations. Capital account foreign exchange and exchange settlement funds should be used for the purpose that is approved by related regulator or foreign exchange administration. Foreign exchange regulator has the right to exercise supervision and examination upon the use and account change of capital account foreign exchange and exchange settlement funds.

Current account foreign exchange should be paid in accordance with the administration regulations of the State Council foreign exchange administration on exchange paying and purchasing. The payment must be made in the proprietary foreign exchange or in exchange purchasing form to the financial institutions that engage in exchange settlement and sale business with effective documents. Capital account foreign exchange should be paid in accordance with the administration regulations of the State Council foreign exchange administration on exchange paying and purchasing. And the payment must be made in the proprietary foreign exchange or in exchange purchasing form to the financial institutions that engage in exchange settlement and sale business with effective documents. In case that it is provided that approval by the foreign exchange regulator is necessary, the approval procedures must be completed before foreign exchange payment.

Foreign exchanged management related to funds raising

In accordance with the Decision of the State Council on Matters relating to Canceling and Adjusting a Batch of Administrative Examination and 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) issued and implemented on October 23, 2014, the overseas raised funds bringing home exchange settlement approval under overseas listing foreign share account by SAFE and its branches have been canceled.

In accordance with the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in 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) issued and implemented on December 26, 2014, domestic issuers shall go through overseas listing registration at the foreign exchange administration of the registration place within 15 work days as of close of selling of overseas listing shares. Proceeds of Domestic Companies from overseas listing can be either transferred back to China or deposited overseas and the usage of such proceeds shall be consistent with the relevant contents mentioned in publicly disclosed documents such as the prospectus, explanation on the offering of corporate bonds, circular to shareholders and resolution of the board of directors or the general meeting. A Domestic Company (other than banking financial institutions) shall open a corresponding account for exchange settlement and payment (an RMB account, hereinafter referred to as Account for Exchange Settlement and Payment) with the opening bank of its Special Account for a Domestic Company Going Listing Overseas to deposit RMB funds from the settlement of the Special Account for a Domestic Company Going Listing Overseas, proceeds from overseas listing transferred back to China in RMB form, and remitted funds for repurchase of Overseas Shares and the surplus of the funds transferred for repurchase in RMB form. A Domestic Company may, according to its needs and upon the strength of its overseas listing registration certificate, apply to the opening bank for domestic transfer or payment out of its Special Account for a Domestic Company Going Listing Overseas, or for settlement of exchange and remittance to the Account for Exchange Settlement and Payment.

The Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control 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) issued and implemented on June 9, 2016, unifies policies on discretionary settlement of foreign exchange receipts under capital accounts of domestic institutions. Discretionary settlement of foreign exchange receipts under capital accounts refers to the case in which the foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of domestic institutions for business operations. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the above proportion in due time according to balance of payments. The foreign exchange receipts under capital accounts of a domestic institution and the RMB funds obtained thereby from foreign exchange settlement may be used for expenditure under current accounts within its business scope or expenditure under capital accounts permitted by laws and regulations.

Other related foreign exchanged management

In accordance with the Circular of the State Administration of Foreign Exchange on Further Facilitating Trades and Investments and Improving Authenticity Check (Hui Fa [2016] No. 7) (《國家外匯管理局關於進一步促進貿易投資便利化完善真實性審核的通知》) (匯發[2016]7號) issued and implemented on April 26, 2016, the following measures are taken to promote facilitation of foreign exchange administration and improve the authenticity review: to expand the lower limit of comprehensive position of foreign exchange settlement and sale by banks; to diversify the delivery methods for forward foreign exchange settlement; to unify the policies on administration of foreign debts settlement for Chinese and foreign-funded enterprises; to standardize the administration of foreign exchange receipts and payments involved in offshore resales and repurchases under trade in goods; to standardize the administration of remittance of foreign exchange profits from direct investments, etc.

In accordance with the Circular of the State Administration of Foreign Exchange on Further Advancing the Reform of Foreign Exchange Administration and Improving Examination 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) issued and implemented on January 26, 2017, the following measures are taken to further advance the reform of foreign exchange administration, streamline administration and delegate government powers: to expand the scope of foreign exchange settlement regarding the domestic foreign exchange loans; to permit the transfer of funds under onshore guarantee for offshore loans for domestic use; to further regulate foreign exchange administration of trade in goods; to improve the statistics of overseas deposit of foreign exchange receipts of current account; to continue implementing and improving polices on the administration of the remittance of foreign exchange profit from direct investment; to reinforce the review of the authenticity and compliance of foreign direct investment; to apply the administration of fully-covered overseas lending in Renminbi and foreign currencies, etc.

Notice of Foreign Exchange of Further Facilitating Cross-border Trade and Investment (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) issued by the SAFE on October 23, 2019 and became effective on the same date, canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises and on the use of funds in domestic asset realization accounts for foreign exchange settlement, and relaxed the restrictions on margin use and foreign exchange settlement by foreign investors. Eligible enterprises in pilot regions are allowed to use revenue under such capital accounts as capital funds, foreign debts, and overseas listing revenues for domestic payment without providing banks with authenticity certification materials in advance, and the use of funds should be authentic and compliant, and comply with the existing administrative provisions on the use of revenue under capital accounts.