

16 Jun 2026 10:45:20 ET | 9 pages

China Internet

Quick Thoughts on Latest Regulation Updates on Advertising & Food Delivery

CITI'S TAKE

We view the comments of SAMR officials reflected the latest rectification of internet companies. For online advertising, the SAMR is tightening online ad format, with near-term focus on livestream ads, AI-generated ads, pop-ups, matrix-style campaigns, and stronger platform accountability. For online food delivery, regulators tighten online food-delivery rules, targeting “ghost kitchens” and raising platform/merchant accountability. While most of these regulations are not new, and could be considered as routine regulatory action to strengthen the internet platform ecosystem and for the government to protect consumers, any additional regulation comment does not help investor sentiment and likely would lead to more concerns on revs and profitability trends for internet companies in the coming quarters which would further dampen investors’ confidence in the sector.

Regulations on illegal online ad activities – China’s State Administration for Market Regulation (SAMR) is intensifying oversight of the online advertising ecosystem amid rapid industry growth and increasingly complex, data-driven and technology-enabled advertising practices. According to SAMR spokesperson Wang Qiuping (China News, 16 Jun, [link](#)), while traditional issues such as low-quality creative content and excessive hype persist, new risks are emerging, including the misuse of artificial intelligence and an excessive focus on traffic-generation ads. Against this backdrop, SAMR issued the Notice on Deepening Governance of the Internet Advertising Ecosystem 关于深化互联网广告生态治理工作的通知, which for the first time introduces the concept of “online advertising ecosystem governance.” The notice sets out five key policy priorities: improving the regulatory framework, strengthening platform accountability, enhancing supervision of key sectors, upgrading monitoring technologies and enforcement capabilities, and guiding value-oriented advertising practices. In the meantime, SAMR also released the Key Tasks for Rectifying Online Advertising Market Order 互联网广告市场秩序整治重点任务, using near-term enforcement actions as an entry point to support longer-term ecosystem governance. The rectification campaign focuses on six areas: strengthening content and value-orientation supervision, regulating livestream e-commerce advertising, standardizing AI-generated advertising, addressing persistent pop-up ad issues, regulating matrix-style advertising campaigns, and reinforcing platform responsibilities. Overall, the measures signal a more systematic and comprehensive regulatory approach, with SAMR aiming to curb prominent violations, improve market order, and lay the foundation for healthier and more sustainable development of China’s internet advertising industry.

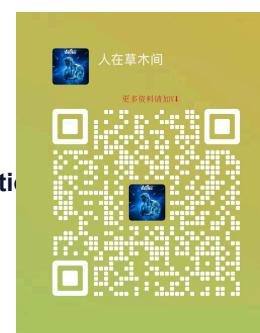
Regulations on food delivery “ghost kitchen” –China’s new online catering food-safety rules officially took effect on June 1. At SAMR’s Q2 2026 press briefing on June 16, spokesperson Wang Qiuping said (China News, 16 Jun, [link](#)) the rules mark a new stage of standardized and institutionalized regulation for China’s online food-delivery sector, with stronger accountability for operators to ensure food-safety

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliation



responsibilities are properly implemented. The rules tighten obligations on both platforms and merchants: platforms must conduct substantive checks on merchant qualifications, including real-name registration, on-site verification, and semiannual updates, while merchants must operate legally, display licenses and improve transparency through “internet + visible kitchen” systems. Regulators will focus on three priorities: cracking down on “ghost kitchens” and fake online stores, strengthening oversight of delivery-only restaurants, and expanding co-governance by encouraging delivery riders to act as mobile food-safety monitors. SAMR is also piloting electronic license verification in Shanghai to verify real operators, real licenses and real stores, aiming to prevent fake certificates, false addresses and unlicensed merchants from entering platforms.