

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

### TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken into account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment.

The discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the tax consequences in the PRC and other jurisdictions of owning and disposing of the H shares.

### TAXATION IN THE CHINESE MAINLAND

#### Tax on Dividends

##### *Individual Investors*

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “**IIT Law**”), which was latest amended by the SCNPC on August 31, 2018 and came into effective on January 1, 2019, and the Implementation Regulations of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by the PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Relating to Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the MOF, the STA and the CSRC on September 7, 2015 and effective on September 8, 2015, for shares of listed companies obtained by individuals via public offerings and market transfer and held for more than one year, the income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via public offerings and market transfer and held for less than one month (including one month), the income from dividends and bonuses thereof shall be fully included in the individual’s taxable income amount; where the shares are

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held for a period from one month up to one year (including one year), 50% of the income from dividends and bonuses therefrom shall temporarily be included in the individual’s taxable income amount; the aforesaid income shall be subject to individual income tax based on 20% tax rate on a unified basis.

Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**”), signed by the Chinese Mainland and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Announcement of the STA on the Implementation of the Protocol V to the Arrangement between the Chinese Mainland 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 (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) (the “**Protocol V**”) issued by the STA and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

### *Enterprise Investors*

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) promulgated by the SCNPC, latest amended and effective on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council, latest amended on December 6, 2024 and effective on January 20, 2025, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

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According to the Notice from the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《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》), which was issued and came into effect on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Protocol V provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

### *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 Chinese corporate income tax imposed on the dividends received from PRC companies. Non-resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese 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 Chinese tax authorities.

### **Tax on Gains from Share Transfer**

#### *Individual Investors*

According to the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. According to the Notice of the MOF and the STA on the Continued Provisional Exemption of Individual Income Tax on Income from the Transfer of Stocks by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued and implemented by the MOF and the STA on March 30, 1998, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax. According to the Notice on Issues Relating to Levying of Individual Income

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Tax on Income Derived by Individuals from Transfer of Moratorium Shares of Listed Companies (《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》) jointly issued by the MOF, the STA and the CSRC on December 31, 2009 and effective on January 1, 2010, income derived by individuals from the transfer of shares of listed companies acquired through public offerings and transfers on the public market on the Shanghai Stock Exchange and Shenzhen Stock Exchange shall continue to be exempt from individual income tax, except for the relevant shares which are subject to sales restriction as defined in the Supplementary Notice on Issues Relating to Levying of Individual Income Tax on Income from Transfer of Moratorium Shares of Listed Companies by Individuals (《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》) jointly issued and implemented by the above three departments on November 10, 2010. As of the Latest Practicable Date, the aforesaid regulations have not expressly specified whether individual income tax would be levied on the transfer of shares of PRC resident enterprises listed on overseas stock exchanges by non-PRC resident individuals.

### *Enterprise Investors*

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

### *Taxation Policy of Shanghai-Hong Kong Stock Connect*

According to the Notice of the MOF, the STA and the China Securities Regulatory Commission on the Tax Collection Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) implemented on November 17, 2014, for dividends and bonus obtained by the Chinese Mainland individual investors investing in H shares listed on the Hong Kong Stock Exchange (the "HKSE") through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to the CSDC for provision by CSDC to the H-share companies register of individual investors in the Chinese Mainland, and the H-share companies shall withhold individual income tax at the rate of 20%.

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Income from share dividend derived by the Chinese Mainland corporate investors from investment in shares listed on the HKSE through the Shanghai-Hong Kong Stock Connect shall be included in their total income and be subject to enterprise income tax in accordance with the law. Income from share dividend derived by a Chinese Mainland resident enterprise for holding H shares over 12 consecutive months shall be exempted from enterprise income tax in accordance with the law. The H shares company is not required to withhold income tax on share dividend for its Chinese Mainland corporate investors, and the corporate investors shall make declaration and payment for the tax payable amount voluntarily.

According to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between the Chinese Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by the Chinese Mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

### *Taxation Policy of Shenzhen-Hong Kong Stock Connect*

According to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), which came into effect on December 5, 2016, for dividends and bonus income obtained by the Chinese Mainland individual investors investing in H shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for provision by CSDC to the H-share companies register of individual investors in the Chinese Mainland, and individual income tax shall be withheld by H-share companies at the tax rate of 20%.

Income from dividends and bonuses derived by a corporate investor in the Chinese Mainland from investment in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall be included in the total income amount, and subject to enterprise income tax in accordance with the law. Income from dividends and bonuses derived by a Chinese Mainland resident enterprise for H shares held for 12 months consecutively shall be exempted from enterprise income tax in accordance with the law. The H shares company shall not withhold income tax on dividends and bonuses for corporate investors in the Chinese Mainland, and the tax payable amount shall be declared and paid by the corporate investor.

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According to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between the Chinese Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by the Chinese Mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

### *Stamp Duty*

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) promulgated by the SCNPC on June 10, 2021 and effective on July 1, 2022, stamp duty in the PRC only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the owning and disposal of H Shares by non-PRC investors outside of the PRC.

### *Estate Duty*

As of the Latest Practicable Date, no estate duty has been levied in the PRC under the PRC laws.

## MAJOR TAXATION OF THE COMPANY IN THE PRC

### **Enterprise Income Tax**

According to the EIT Law and its implementation rules, all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%.

According to the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) promulgated by the MOST, the MOF and the STA on April 14, 2008, amended on January 29, 2016 and effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

Enterprises are classified as resident enterprises and non-resident enterprises. A non-resident enterprise is subject to the enterprise income tax on PRC-sourced income, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment

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or place of business but the PRC-sourced income is not actually connected with such establishment or place of business. With respect to the income tax payable by a non-resident enterprise on the income derived from the aforementioned sources, withholding at source shall be applied, the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Concurrently, any income derived by the relevant investors from the transfer of shares is subject to the enterprise income tax, provided that such income is deemed to be income generated from the transfer of property within China, in which case withholding at source shall also be applied.

According to the Announcement on Further Implementation of Income Tax Incentives for Small Enterprises with Meager Profits (《關於進一步實施小微企業所得稅優惠政策的公告》) promulgated by the MOF and the STA on March 14, 2022, the annual taxable income of a small low-profit enterprise that is not less than RMB1 million and not more than RMB3 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. According to the Announcement on Preferential Income Tax Policies for Small Enterprises with Meager Profit and Individually-owned Businesses (《關於小微企業和個體工商戶所得稅優惠政策的公告》) promulgated by the MOF and the STA on March 26, 2023, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. According to the Announcement on Relevant Tax Policies for Further Supporting the Development of Micro and Small-sized Enterprises and Individually Owned Businesses (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) promulgated by the MOF and the STA on August 2, 2023, the taxable income of a small low-profit enterprise shall be calculated at the reduced rate of 25%, and the policy of payment of enterprise income tax at the rate of 20% shall continue to be implemented until December 31, 2027.

### Value-added Tax

According to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council, latest amended and effective on November 19, 2017 and the Implementation Rules for the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993, latest amended on October 28, 2011 and effective on November 1, 2011, all entities and individuals in the PRC engaging in the sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax (the "VAT") and shall pay the VAT. The rate of the VAT for sale of goods is 17% unless otherwise specified, and the rate of the VAT for sale of transportation is 11%.

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According to the Notice of the MOF and the STA on the Adjustment to Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) which came into effective on May 1, 2018, the deduction rates of 17% or 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% or 10%.

According to the Announcement on Policies for Deepening the Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated by the MOF and the STA and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, for general VAT payers’ sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

According to the Announcement on the Weighted VAT Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》), which was promulgated by the MOF and the STA on September 3, 2023 and came into effect on January 1, 2023, advanced manufacturing enterprises are allowed to deduct weighted 5% of the current deductible input tax amount from the VAT payable from January 1, 2023 to December 31, 2027.

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which will come into effective on January 1, 2026, and replace the Provisional Regulations on Value-added Tax of the PRC.

### **Preferential Tax Policy for the Integrated Circuit Industry**

As listed in the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (《軟件企業和集成電路企業稅費優惠政策指引》) issued by the STA on May 21, 2022, the integrated circuit industry enjoys a variety of tax preferences. Enterprises for integrated circuit design, equipment, materials, packaging and testing encouraged by the State, for example, can enjoy regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

According to the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of the Integrated Circuit and Software Industries in the New Era (Guo Fa [2020] No. 8) (《國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》(國發[2020]8號)) (the “**No. 8 Notice**”) promulgated by the State Council, and the Announcement on the Enterprise Income Tax Policies for Promoting the High-quality Development of the Integrated Circuit Industry and the Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》) jointly promulgated by the MOF, the STA, the NDRC and the MIIT, enterprises of integrated circuit design, equipment, materials, packaging and

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testing and software enterprises encouraged by the State are exempted from enterprise income tax during the first year and the second year from the profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the State shall be exempted from enterprise income tax during the first year to the fifth year since the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. The Notice of the NDRC and Other Departments on the List of Integrated Circuit Enterprises or Projects and Software Enterprises Entitled to Preferential Tax Policies for 2025 (《國家發展改革委等部門關於做好2025年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作的通知》) makes detailed description of the conditions and project standards for enterprises that enjoy preferential tax policy on the basis of the No. 8 Notice.

According to the Announcement on Increasing the Proportion of Weighted Deduction of R&D Expenses of Enterprises for Integrated Circuit and Industrial Master Machine (《關於提高集成電路和工業母機企業研發費用加計扣除比例的公告》) jointly promulgated by the MOF, the STA, the NDRC and the MIIT on September 12, 2023, for R&D expenses actually incurred by enterprises for integrated circuit and industrial master machine in their R&D activities, an extra 120% of the amount actually incurred during the period from January 1, 2023 to December 31, 2027 is deductible before tax payment, in addition to the deduction of actual expenses as prescribed, provided that the said expenses are not recognised as intangible asset and included in the current profits and losses; if the said expenses have been recognised as an intangible asset, such expenses may be amortised at the rate of 220% of the costs of the intangible assets before tax payment in the above period.

### FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE authorized by the People's Bank of China, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

According to the Foreign Exchange Control Regulations of the PRC (《中華人民共和國外匯管理條例》) amended by the State Council and effective on August 5, 2008, all international payments and transfers are classified into current account items and capital account items. Laws and regulations do not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant laws and regulations. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by laws and regulations.

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According to the Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996 and effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of the SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprises that need to distribute profits to their shareholders in foreign exchange and Chinese enterprises that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

Pursuant to the Decision of the State Council on Matters Concerning Cancellation and Adjustment to a Batch of Items subject to Administrative Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on October 23, 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE and came into effective on December 26, 2014, the provisions governing foreign exchange matters for a joint-stock company registered in China and listed on the overseas stock exchanges (hereinafter referred to as the "**domestic company**") are as follows:

- (i) The SAFE and its branch offices and foreign exchange administrative offices (hereinafter referred to as the "**foreign exchange authority**") shall oversee, regulate and inspect the domestic company regarding its business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conducts involved in the overseas listing.
- (ii) A domestic company shall, within 15 working days of the date of the end of its overseas listing issuance, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials.

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- (iii) After a domestic company gets listed overseas, if any of its domestic shareholders intends to increase or decrease overseas shares pursuant to relevant requirements, the domestic shareholder shall handle overseas shareholding registration formalities with the local foreign exchange authority by submitting the requisite materials within 20 working days prior to the intended share increase or decrease.
- (iv) A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the SAFE on February 13, 2015 and effective on June 1, 2015, the SAFE abolished the verification and approval of the foreign exchange registration of domestic and overseas direct investments. The banks shall directly examine and handle the foreign exchange registration of domestic and overseas direct investments. The SAFE and its branches shall conduct indirect regulation of foreign exchange registration of direct investments via banks.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《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 by the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account for the time being. The SAFE may adjust the aforesaid proportion in due time in light of the international receipts and expenditure situations.

According to the SAFE Notice on Promulgation of the Guidelines on Foreign Exchange Businesses under Capital Accounts (2024 Edition) (《國家外匯管理局關於印發資本項目外匯業務指引(2024年版)的通知》) issued by the SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders' meeting and other publicly disclosed

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documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

### HONG KONG TAXATION

#### Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

#### Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

#### Taxes for Securities Holders

The income tax and the capital gains tax for holders of H Shares shall be subject to the laws and practices of PRC and the jurisdictions in which the holders of H Shares are residents or subject to taxes for other reasons. The following summary of relevant tax provisions is based on current laws and practices, and does not take into account anticipated changes in or amendments to the relevant laws and policies or constitute any opinions or suggestions. The discussion does not address all of the possible tax consequences associated with H-Shares, nor does it take into account the particular circumstances of any individual investor, some of which may be subject to special rules. Accordingly, you should consult your own tax adviser as to the tax implications of the H Shares. The discussion is based on the laws and the relevant interpretations in force as of the Latest Practicable Date. All the laws and relevant interpretations are subject to changes and may have retrospective effect.