

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The income tax and capital gains tax of holders of H Shares are subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain tax provisions is based on current laws and practices and does not consider any expected changes to or amendments of relevant laws and policies, and does not constitute any advice or recommendation. The discussion does not cover all of the tax consequences in H Shares, nor does it consider the particular circumstances of any individual investor, some of which may be subject to special rules. Accordingly, you should consult your own tax advisor regarding the tax consequences in H Shares. The relevant discussions are based on the laws and related interpretations in effect as of the Latest Practicable Date, and such laws and related interpretations are subject to change, which may have retroactive effects.

The following discussion does not address any Chinese issues other than income tax, value-added tax, stamp duty and inheritance tax. Potential [REDACTED] are urged to consult their financial advisers regarding the PRC tax consequences of owning and disposing of the H Shares.

The PRC Taxation

Tax on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the People’s Republic of China, which was most recently amended on August 31, 2018 and came into effect on January 1, 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the People’s Republic of China, which was most recently amended on December 18, 2018 and came into effect on January 1, 2019 (hereinafter collectively referred to as the “**IIT Law**”), dividends derived by PRC residents from PRC enterprises are subject to individual income tax at a flat rate of 20%. For non-Chinese resident foreign individuals, if they receive DIVIDENDS from a Chinese enterprise, they are generally subject to an individual income tax of 20% unless they are granted specific exemption by the tax authority of the State Council or reductions or exemptions under relevant tax treaties.

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 (the “**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**”) signed on August 21, 2006 and effective on December 8, 2006, the PRC government may impose tax on dividends paid by PRC companies to residents of the Hong Kong Special Administrative Region (including natural persons and legal entities), but such tax will not exceed 10% of the total amount of the dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, and is the beneficial owner of the dividends while

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meeting other conditions, the relevant tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol 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 (the “**Fifth Protocol**”), signed on July 19, 2019 and effective on December 6, 2019, stipulates that arrangements or transactions made primarily for the purpose of obtaining the above-mentioned tax benefits are not subject to the above provisions.

Enterprise Investors

According to the Enterprise Income Tax Law of the PRC, which was latest amended and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was latest amended on December 6, 2024 and implemented on January 20, 2025 (collectively referred to as the “**Enterprise Income Tax Law**”), if a non-resident enterprise has no office or premises within China, or if it has established an office or premises but the income derived from within China has no actual connection with such office or premises, it shall generally pay an enterprise income tax at the rate of 10% on its income derived from within China (including dividends and bonus income obtained from resident enterprises in the PRC). The aforementioned income tax which shall be paid by non-resident enterprises shall be withheld at source, with the payer of the income being the withholding agent. Such withholding taxes may be reduced or exempted pursuant to applicable treaties on the avoidance of double taxation.

The Notice of the Issues Concerning Withholding EIT on the Dividends Distributed by PRC Resident Enterprises to Overseas H-share Non-PRC Resident Enterprise Shareholders, which was issued and implemented by the State Administration of Taxation on November 6, 2008, further clarified that, when PRC resident enterprises distribute dividends for the year 2008 and thereafter to overseas H-share non-resident enterprise shareholders, the enterprise income tax shall be withheld at a rate of 10%. For non-resident enterprise shareholders who need to enjoy the treatment under tax treaties, the relevant provisions of tax treaties shall apply.

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the PRC government may impose tax on dividends paid by PRC companies to Hong Kong residents (including natural persons and legal entities), but such tax will not exceed 10% of the total amount of the dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, and such Hong Kong resident is the beneficial owner of the dividends and meets other requirements, then such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol stipulates that the above provisions do not apply to arrangements or transactions whose principal goals are to obtain the above tax benefits. The application of the DIVIDEND clause of the tax treaty shall comply with the provisions of Chinese tax laws and regulations such as the “Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements”.

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Tax Treaties

Non-PRC 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 companies. The PRC currently has entered into the Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States, etc.

Taxation on Share Transfer

VAT and Local Additional Tax

According to the “Notice on Comprehensively Expanding the Pilot Program of Levying Value-added Tax in Place of Business Tax” (the “**Circular 36**”), implemented on May 1, 2016, and partially revised on January 1, 2018, and April 1, 2019, institutions and individuals that sell services, intangible assets or real estate within China are VAT taxpayers, and “selling services, intangible assets or real estate within China” includes the seller or buyer of services (except for leasing real estate) or intangible assets (except for the right to use natural resources) being within China, the real estate being sold or leased being within China, the natural resources being sold being the right to use natural resources being within China, or others as stipulated by the Ministry of Finance and the State Administration of Taxation. Circular 36 stipulates that for general taxpayers, the transfer of financial products (including the transfer of ownership of negotiable securities) is subject to VAT at 6% on the taxable income (i.e., the balance of the sales price upon deduction of the purchase price). However, according to the “Provisions on the Pilot Policies for the Transition from Business Tax to Value-added Tax,” which was released on March 23, 2016, implemented on May 1, 2016, and partially revised on January 1, 2018, individuals engaged in the transfer of financial products are exempted from value-added tax. According to the above regulations, if the shareholder is a non-resident individual, the transfer of H shares will be exempted from VAT.

VAT payers are also required to pay urban construction and maintenance tax, education surcharge and local education surcharge.

Income Tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to an individual income tax at a rate of 20%.

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Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares issued on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax. According to the public announcement of the Ministry of Finance and the State Administration of Taxation on the Catalogue of Individual Income Tax Policies that will Remain in Effect, which was released and implemented on December 29, 2018, the Notice on the Continued Temporary Exemption of Individual Income Tax on the Income from the Transfer of Share Certificates will remain in effect.

According to the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Moratorium Shares of Listed Companies jointly issued and implemented by the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on December 31, 2009, individuals' income from the transfer of listed shares obtained from the public offering and transfer markets on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations jointly issued and implemented by the aforementioned departments on November 10, 2010.

As of the Latest Practicable Date, the aforesaid provisions had not expressly provided for the arrangement of levying individual income tax on non-Chinese resident individuals for the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

According to the Enterprise Income Tax Law, a non-resident enterprise is generally required to pay a 10% enterprise income tax on income sourced from inside the PRC (including dividends received from PRC resident enterprises) if it does not have an establishment or premise in the PRC, or if it has an establishment or premise in the PRC but its income sourced from inside the PRC has no actual connection with such establishment or premise. The aforementioned income tax which shall be paid by non-resident enterprises shall be withheld at source, with the payer being the withholding agent. Such withholding taxes may be reduced or waived under applicable treaties for the avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the People's Republic of China, which was promulgated on June 10, 2021 and came into effect on July 1, 2022, Stamp Duty is applicable to the institutions and individuals that conclude taxable evidence or conduct securities transactions within the territory of the PRC, and the institutions and individuals outside the PRC that conclude taxable evidence that are used inside the PRC. Therefore, the above provisions on stamp duty do not apply to institutions and individuals that are created abroad and traded on overseas stock exchanges.

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Estate duty

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

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China promulgated by the State Council on March 16, 2007, last amended on December 29, 2018, and effective on the same day, and the Implementing Regulations of the Enterprise Income Tax Law of the PRC promulgated by the State Council on December 6, 2007, last amended on December 6, 2024, and implemented from January 20, 2025, enterprises (including foreign-invested enterprises) in China are subject to a uniform enterprise income tax rate of 25%. However, high-tech enterprises that require key support from the state are subject to a reduced enterprise income tax rate of 15%, and small and micro enterprises that meet the conditions are subject to a reduced enterprise income tax rate of 20%.

VAT

Pursuant to the Value-added Tax Law of the PRC, which was promulgated by Standing Committee of the National People's Congress on December 25, 2024 and effective from January 1, 2026, and the Regulations for the Implementation of the Value-Added Tax Law of the People's Republic of China, which was promulgated by the State Council on December 25, 2025 and effective from January 1, 2026, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services, sales of intangible assets, real estate and importation of goods are required to pay value-added tax (VAT). Unless otherwise provided, taxpayers engaged in provision of services and sales of intangible assets are subject to a tax rate of 6%.

According to the Notice on Adjusting VAT Rates promulgated by the Ministry of Finance and the State Administration of Taxation on April 4, 2018, and implemented on May 1, 2018, for taxpayers engaging in VAT taxable sales or import of goods, the previously applicable tax rates of 17% and 11% are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening the VAT Reform that was promulgated by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, for taxpayers engaging in VAT taxable sales or import of goods, the VAT rates are adjusted to 13% and 9%, respectively.

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Foreign Exchange Management in China

Renminbi is the legal tender of China, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange of the People's Republic of China ("**State Administration of Foreign Exchange**"), as authorized by the People's Bank of China, has the power to regulate all matters related to foreign exchange, including the implementation of foreign exchange control regulations.

According to the Regulations of the People's Republic of China on Foreign Exchange Management (the "**Foreign Exchange Management Regulations**"), which was promulgated and implemented by the State Council on August 5, 2008, current accounts shall be subject to reasonable review by financial institutions engaged in foreign exchange settlement and sales business with respect to the authenticity of transaction documents and their consistency with foreign exchange receipts and payments, as well as supervision and inspection by foreign exchange administrative authorities. For capital accounts, overseas institutions and individuals making direct investments in China shall, upon admission by the relevant competent authorities, go through the registration procedures with the foreign exchange control authority. Foreign exchange income obtained from abroad may be remitted back to the country or kept abroad. Foreign exchange for capital accounts and funds for settlement of foreign exchange shall be used in accordance with the usage approved by the relevant competent authorities and foreign exchange control authorities.

According to the Foreign Exchange Control Regulations, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current account transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at designated foreign exchange banks, on the strength of valid receipts and proof. According to the Circular on Further Improving Reform of Foreign Exchange Administration and Optimising Genuineness and Compliance Verification, which was promulgated and implemented by the State Administration of Foreign Exchange on January 26, 2017, if a foreign-invested enterprise needs foreign exchange for profit distributions to its shareholders, and a Chinese enterprise (such as the Company) needs to make payments of dividends to its shareholders in foreign exchange according to relevant regulations, it may, based on the resolution of its board of directors or shareholders' meeting on profit distributions, make the payment from its foreign exchange account with a designated foreign exchange bank, or exchange and pay at a designated foreign exchange bank.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters issued and implemented by the State Council on October 23, 2014, the approval by the SAFE and its branches for the repatriation and settlement of foreign exchange of overseas-raised funds under overseas listed foreign shares was canceled.

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According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of the State Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the use disclosed in its prospectus and other disclosure documents.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, which was promulgated by the SAFE on June 9, 2016 and amended on December 4, 2023, foreign currency earnings in capital account (including the subscription funds recalled from overseas listing) may undertake Discretionary Foreign Exchange Settlement in the bankers according to actual business needs of the domestic institutions.