

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The income tax and capital gains tax obligations of H-share holders are subject to the laws and practices of China and the jurisdictions where the H-share holder is resident or otherwise subject to taxation. The following summary of certain relevant tax provisions is based on current laws and practices and does not address anticipated changes or amendments to relevant laws or policies, nor does it constitute any opinion or advice. This discussion does not address all possible tax consequences related to investing in H Shares, nor does it consider the specific circumstances of any particular investor, some of whom may be subject to special regulations. Accordingly, you should consult your tax advisor regarding the tax consequences of investing in H Shares. The discussion is based on laws and related interpretations effective as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

Except for income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and inheritance tax, this discussion does not address any other aspects of Chinese taxation. Prospective investors should consult their financial advisors regarding the Chinese and other tax consequences of owning and selling H-shares.

TAXATION IN MAINLAND CHINA

Taxation of Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》 (hereinafter referred to as the “**Individual Income Tax Law**”), as last amended on August 31, 2018 and effective on January 1, 2019, and the Implementing Regulations of the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法實施條例》), as last amended on December 18, 2018 and effective on January 1, 2019, dividends distributed by Chinese enterprises are subject to a withholding tax for individual income tax at a uniform rate of 20%. For non-Chinese resident foreign individuals, dividends received from Chinese enterprises are generally subject to individual income tax at a rate of 20%, unless specifically exempted by the State Council tax authorities or reduced/exempted under relevant tax treaties.

Pursuant to the Arrangement between the Mainland 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稅和防止偷漏稅的安排》) (hereinafter referred to as 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 November 8, 2006, the Chinese government may impose a withholding tax on dividends paid by Chinese companies to Hong Kong residents (including natural persons and legal entities), 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 interest in the Chinese company, and such Hong Kong resident is the beneficial owner of the dividends and meets other conditions, the withholding tax shall not exceed 5% of the total amount of dividends payable by the Chinese company. The State Taxation Administration issued the Fifth Protocol to the Arrangements for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (Fifth Protocol) (《對所得避免雙重徵

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稅和防止偷漏稅的安排》第五議定書) (“**Fifth Protocol**”), which took effect on December 6, 2019, stipulates that the relevant provisions shall not apply to arrangements or transactions made with the obtaining of such tax benefits as one of their main purposes.

Corporate Investors

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) (hereinafter collectively referred to as the “**Enterprise Income Tax Law**”), as amended by the Standing Committee of the National People’s Congress and effective on December 29, 2018, and the Regulations of the People’s Republic of China on the Implementation of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) (hereinafter collectively referred to as the “**Enterprise Income Tax Law Implementation Regulations**”), as amended by the State Council and effective on January 20, 2025, non-resident enterprises that have not established an institution or premise within China, or that have established such an institution or premise within China but whose income derived from China has no real connection with that institution or premise, shall be subject to corporate income tax at a rate of 10% on income derived from China (including dividends distributed by Chinese resident enterprises whose shares are issued and listed in Hong Kong). The aforementioned income tax payable by non-resident enterprises shall be withheld at source. The payer shall act as the withholding agent and shall withhold the tax from the amount payable or due at each payment or due date. Such tax may be reduced or exempted in accordance with applicable treaties for the avoidance of double taxation.

According to the Notice on Issues Concerning Withholding and Remitting Corporate Income Tax on Dividends Paid by Chinese Resident Enterprises to Overseas Non-Resident H-Share Shareholders (《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》) issued by the State Taxation Administration and effective on November 6, 2008, Chinese resident enterprises shall withhold and remit corporate income tax at a rate of 10% on annual dividends derived from profits since 2008 paid to overseas H-share shareholders that are non-Chinese resident enterprises. The “Reply on Corporate Income Tax Issues Concerning Non-Resident Enterprises Receiving Dividends from B-Shares and Other Stocks” (《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覆》) promulgated by the State Taxation Administration and effective on July 24, 2009, further stipulates that Chinese resident enterprises issuing shares (including A-shares, B-shares, and overseas shares) on domestic and overseas stock exchanges shall uniformly withhold and remit corporate income tax at a rate of 10% when distributing dividends for 2008 and subsequent years to non-resident enterprise shareholders. Such rates may be further adjusted pursuant to tax treaties or agreements entered into between China and relevant jurisdictions, if applicable.

Under the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the Chinese government may impose tax on dividends paid by Chinese companies to Hong Kong residents (including natural persons and legal entities), but the amount of such tax shall not exceed 10% of the total dividends payable by the Chinese company. Where a Hong Kong resident directly holds at least 25% equity interest in the Chinese company, and such Hong Kong resident is the beneficial owner of the dividends and meets other conditions, the tax levied shall not exceed 5% of the total dividends payable by the Chinese company. Pursuant to the provisions of the Fifth Protocol, such provisions shall not apply to arrangements or transactions made with obtaining such tax benefits as one of their main purposes.

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Pursuant to applicable regulations, we intend to withhold income tax at a rate of 10% on dividends distributed to non-Chinese resident enterprise shareholders of H-shares (including [REDACTED]). Non-Chinese resident enterprises entitled to reduced tax rates under applicable income tax treaties shall apply to Chinese tax authorities for a refund of the portion of withholding tax exceeding the applicable treaty rate, subject to verification by Chinese tax authorities.

Taxes on Capital Gains from Equity Transfers

Individual Investors

Pursuant to the Individual Income Tax Law and its implementing regulations, gains realized from the sale of equity interests in Chinese resident enterprises are subject to individual income tax at a rate of 20%. Under the Notice on Continuing the Temporary Exemption from Individual Income Tax on Gains from Individual Stock Transfers (《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 by the Ministry of Finance and the State Taxation Administration, and effective on March 30, 1998, gains from individual transfers of listed company's shares have been temporarily exempt from individual income tax since January 1, 1997. The latest revisions to the Individual Income Tax Law, the Enterprise Income Tax Law, and the Enterprise Income Tax Law Implementation Regulations by the State Taxation Administration do not explicitly state whether the exemption from individual income tax on gains from individuals transfer of listed company's shares will continue.

Corporate Investors

Pursuant to the Enterprise Income Tax Law and its implementing regulations, non-Chinese resident enterprises that have not established an institution or premise within China, or that have established such an institution or premise but whose income derived from China has no real connection with that institution or premise, shall be subject to enterprise income tax at a rate of 10% on income derived from China (including gains from the sale of shares in Chinese resident enterprises). The aforementioned income tax payable by non-Chinese resident enterprises shall be withheld at source. The payer shall act as the withholding agent and shall withhold the tax from the amount payable or due at each payment or due date. Such tax may be reduced or exempted in accordance with applicable tax treaties or arrangements.

Tax Policies for the Shanghai Connect

Pursuant to the "Notice on Tax Policies Concerning the Pilot Program for the Shanghai Connect" (《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》) issued by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission on October 31, 2014, and implemented on November 17, 2014, capital gains derived by mainland enterprises from investing in Hong Kong Stock Exchange-listed stocks through the Shanghai Connect shall be included in total income and subject to corporate income tax in accordance with the law. For dividend income received by mainland individual investors through the Shanghai Connect on H-shares listed on the Hong Kong Stock Exchange, the H-share company shall apply to China Securities Depository and Clearing Corporation Limited (hereinafter referred to as the "CSDCC"). CSDCC will provide the H-share company with a register of mainland individual investors, and the H-share company shall withhold individual income tax at a rate of 20%.

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Pursuant to the Announcement on Continuing the Implementation of Individual Income Tax Policies Related to the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Mechanisms and the Mutual Recognition of Funds between Mainland China 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 and implemented on August 21, 2023, capital gains derived by mainland individual investors from the transfer of shares listed on the Hong Kong Stock Exchange through the Shanghai Connect and Shenzhen Connect shall be exempt from individual income tax until December 31, 2027.

According to the Notice on Tax Policies Concerning the Pilot Program for the Shanghai-Hong Kong Stock Connect Mechanism (《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》), dividend income earned by mainland enterprises through the Shanghai Connect on shares listed on the Hong Kong Stock Exchange shall be included in their total income and subject to corporate income tax in accordance with the law. Among which, dividend income earned by mainland resident enterprises from H-shares held consecutively for 12 months shall be exempt from corporate income tax in accordance with the law. H-share companies shall not withhold dividend income tax on behalf of mainland enterprise investors. Taxable amounts shall be declared and paid by the enterprises themselves.

Tax Policies for the Shenzhen Connect

According to the Notice on Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect Mechanism (《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》) issued by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission on November 5, 2016, and implemented on December 5, 2016, capital gains derived by mainland enterprise investors from trading shares listed on the Hong Kong Stock Exchange through the Shenzhen Connect shall be included in their total income and subject to corporate income tax in accordance with the law. For dividend income received by mainland individual investors through the Shenzhen Connect from H-shares listed on the Hong Kong Stock Exchange, the H-share companies shall apply to the CSDCC). The CSDCC will provide the H-share companies with a register of mainland individual investors, and the H-share companies shall withhold and remit individual income tax at a rate of 20%.

Pursuant to the Announcement on Continuing the Implementation of Individual Income Tax Policies Related to the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Mechanisms and the Mutual Recognition of Funds between Mainland China 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 and implemented on August 21, 2023, capital gains derived by mainland individual investors from the transfer of shares listed on the Hong Kong Stock Exchange through the Shanghai Connect and Shenzhen Connect shall be exempt from individual income tax until December 31, 2027.

Pursuant to the Notice on Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect Mechanism (《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》), dividend income earned by mainland corporate investors through the Shenzhen Connect on shares listed on the Hong Kong Stock Exchange shall be included in their total income and subject to corporate income tax in accordance with the law. Among which, dividend income earned by mainland resident enterprises from H-shares held consecutively for 12 months shall be exempt from corporate income tax in accordance with the law. H-share companies do not withhold dividend income tax on behalf of mainland enterprises. Taxable amounts shall be declared and paid by the enterprises themselves.

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Stamp Duty

Pursuant to the Stamp Duty Law of the People’s Republic of China (《中華人民共和國印花稅法》), promulgated on June 10, 2021, and effective on July 1, 2022, non-mainland Chinese investors disposing of H-shares outside China are not subject to the provisions of the Stamp Duty Law of the People’s Republic of China.

Inheritance Tax

Pursuant to the Chinese law, the Mainland China currently does not impose an inheritance tax.

THE COMPANY’S PRINCIPAL TAXES IN CHINA

Corporate Income Tax

Pursuant to the Enterprise Income Tax Law, enterprises and other organizations deriving income within the territory of the People’s Republic of China (hereinafter collectively referred to as “**Enterprises**”) are taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of this Law. The enterprise income tax rate is 25%. High-tech enterprises requiring key support from the Chinese government are subject to a reduced enterprise income tax rate of 15%.

Enterprises are classified as resident enterprises and non-resident enterprises. Non-resident enterprises that have not established an institution or premise within China, or that have established such an institution or premise but whose income derived from China is not actually connected with that institution or premise, shall be subject to corporate income tax on income derived from China. Such tax shall be withheld at source, with the payer acting as the withholding agent. The withholding agent shall withhold the tax from the amount payable or due at each payment or due date. At the same time, any gains realized by such investors from the transfer of shares shall be subject to corporate income tax. If such gains are deemed to arise from the transfer of property within China, they shall be subject to withholding at source.

Value-Added Tax

According to 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》), revised by the State Council and effective on November 19, 2017, and the Detailed Rules for the Implementation of 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》), revised by the Ministry of Finance on October 28, 2011, and effective on November 1, 2011, entities and individuals selling goods, providing processing, repair, and maintenance services, or importing goods within China shall pay value-added tax. Unless otherwise specified in the aforementioned regulations, the general value-added tax rate for taxpayers selling or importing goods is 17%. With China’s value-added tax reforms, the value-added tax rate has been adjusted multiple times. On December 25, 2024, the Standing Committee of the National People’s Congress promulgated the Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》), which will take effect on January 1, 2026, and the Interim Regulations of the People’s Republic of China on Value-Added Tax will be repealed simultaneously.

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China's Foreign Exchange Administration

The Renminbi is China's lawful currency. The State Administration of Foreign Exchange, authorized by the People's Bank of China, is responsible for managing all matters related to foreign exchange, including the enforcement of foreign exchange regulations.

According to the Regulation on Foreign Exchange Administration of the People's Republic of China (《中華人民共和國外匯管理條例》), revised by the State Council and effective on August 5, 2008, all international payments and transfers are categorized into current account and capital account transactions. The state imposes no restrictions on international payments and transfers under the current account. Foreign exchange earnings under the current account of Chinese enterprises may be retained or sold to financial institutions engaged in foreign exchange settlement and sale of foreign exchange businesses in accordance with relevant national regulations. Retention or sale of foreign exchange earnings under the capital account to financial institutions engaged in foreign exchange settlement and sale of foreign exchange businesses requires approval from foreign exchange authorities, except where otherwise specified by the state.

Pursuant to the Regulations on the Management of Exchange Settlement, Sale of Foreign Exchange, and Payment of 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, all remaining restrictions on the convertibility of foreign exchange under the current account were abolished, while existing restrictions on foreign exchange transactions under the capital account remained in place.

Pursuant to the relevant Chinese laws and regulations, Chinese enterprises (including foreign-invested enterprises) requiring foreign exchange for current account transactions may make payments out of their foreign exchange accounts at designated foreign exchange banks upon presentation of valid receipts and transaction vouchers, without requiring approval from the State Administration of Foreign Exchange. Foreign-invested enterprises distributing profits to shareholders in foreign exchange and domestic enterprises required to pay fixed dividends in foreign exchange may make payments out of their foreign exchange accounts or exchange funds at designated foreign exchange banks upon presentation of board resolutions on profit distribution.

Pursuant to the Decision of the State Council on a Group of Administrative Approval Items Cancelled or Adjusted and Other Matters (《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 and effective on October 23, 2014, the State Administration of Foreign Exchange and its branches no longer approve the repatriation and conversion of funds raised overseas.

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Management for 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 State Administration of Foreign Exchange and effective on December 26, 2014, domestic joint-stock companies (hereinafter referred to as "**Domestic Companies**") shall register their overseas listing with the local branch of the State Administration of Foreign Exchange at their place of establishment within 15 working days from the date of completion of the overseas listing issuance. Funds raised by Domestic Companies through overseas listings may be repatriated to China or retained overseas, provided that the use of such funds is consistent with the content of the document and other disclosure documents.

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Pursuant to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange 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 on February 13, 2015, and effective on June 1, 2015, the State Administration of Foreign Exchange has abolished the foreign exchange registration approval for domestic direct investment and overseas direct investment. Instead, banks directly review and process foreign exchange registration for domestic and overseas direct investment, with the State Administration of Foreign Exchange and its branches exercising indirect supervision over direct investment foreign exchange registration through banks.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement 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》) issued and implemented by the State Administration of Foreign Exchange on June 9, 2016, relevant policies have clarified that capital account foreign exchange earnings (including repatriated funds from overseas listings) subject to voluntary exchange may be exchanged at banks based on the actual operational needs of domestic institutions.