

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares shall be subject to the laws and practices of the PRC and the jurisdictions in which the holders of H Shares are residents or otherwise subject to taxes. The following summary of certain relevant tax provisions is based on current laws and practices, without taking into account any possible changes or modifications in the relevant laws or policies, and does not constitute any opinion or recommendation. This appendix does not involve all the possible tax consequences of the investment in H Shares, nor does it take into account the particular circumstances of any individual investor, some of which may be subject to special rules. Therefore, investors should consult their own tax advisor for advice on the tax consequences of the investment in H Shares. The discussion is based on the laws and related interpretations in force as of the Latest Practicable Date, which are subject to change or adjustment and may have retroactive effect.

This appendix does not address any PRC tax issues other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Investors are advised to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of H Shares.

TAXATION IN THE PRC

Taxation on Dividends

Individual Investor

Pursuant 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 issued by the SCNPC on September 10, 1980, last amended on August 31, 2018 and implemented on January 1, 2019, and the Regulations on Implementation 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 issued by the State Council on January 28, 1994, last amended on December 18, 2018 and implemented on January 1, 2019, individual income including interest, dividends and bonus is subject to individual income tax with applicable proportional tax rate of 20%. For a foreign natural person who is not a resident of the PRC, the receipt of dividends from a PRC enterprise is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by a relevant tax treaty.

In addition, according to the Notice on Issues Concerning the Implementation of Differential Individual Income Tax Policies on 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》) jointly issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is more than 1 year, the income from dividends and bonuses shall be exempted from individual income tax; where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is 1 month or less, the income from dividends and bonuses shall be included into the taxable incomes in full amount; if the stock holding period is more than 1 month and up to 1 year, 50% of the income from dividends and bonuses shall be temporarily included into the taxable incomes. The individual income tax rate on the aforesaid income is levied at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal 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》) (the “**Arrangement**”), which was signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal

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entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《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 “**Fifth Protocol of the Arrangement**”), which came into effect on December 6, 2019, adds criteria for the entitlement to enjoy tax treaty benefits. Although there may be other provisions under the Arrangement, the tax treaty benefits shall not be granted in the circumstance where relevant tax treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under the Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements shall also be subject to the requirements of PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《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》).

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), which was issued by the SCNPC on March 16, 2007, last amended and implemented on December 29, 2018, and the Implementation Provisions of 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》) (the “**Implementation Provisions**”), which was issued by the State Council on December 6, 2007, last amended on December 6, 2024 and implemented on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends and bonuses received from a PRC resident enterprise that issue shares in Hong Kong), 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 is not connected with such establishment or premise in the PRC. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income shall be the withholding agent, and is required to withhold the income tax from the payment or due payment every time it is paid or due.

The Circular of the SAT on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《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 by the SAT and implemented on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate flat of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. The Response to Issues on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《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》) which was issued by the SAT and implemented on July 24, 2009, further provides that any PRC-resident enterprise that is listed on Chinese and overseas stock exchanges by issuing shares (including A shares, B shares and overseas shares) shall withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. If non-resident enterprise shareholders need to enjoy tax treaty treatment, they shall handle it in accordance with the relevant provisions of the tax treaty. Pursuant to the Arrangement, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company.

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The Fifth Protocol of the Arrangement adds criteria for the qualification of entitlement to enjoy tax treaty benefits. Although there may be other provisions under the Arrangement, the tax treaty benefits under the criteria shall not be granted for relevant gains in the circumstance where relevant tax treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under the Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements shall be subject to the requirements of PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《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》).

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or in Hong Kong or Macau might be entitled to a reduction of the withholding tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, China, Macau, China, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Pursuant to the Notice on the Full Implementation of Pilot Program for Transition from Business Tax to VAT (《財政部、國家稅務總局關於全面推開營業稅改征增值稅試點的通知》) (the "Circular 36"), which was implemented on May 1, 2016, entities and individuals engaged in sales of services within the PRC shall be subject to VAT and "sales of services within the PRC" refers to the situation where either the seller or the buyer of a taxable service is located within the PRC. The Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable income (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, the Circular of the Ministry of Finance and the SAT on Certain Exemptions from Business Tax on the Sale and Purchase of Financial Commodities by Individuals, which came into effect on January 1, 2009, also provides that individuals are exempt from VAT upon transfer of financial products. According to these provisions, upon the sale or disposal of H shares, the holders are exempt from VAT in the PRC if they are non-resident individuals; in case the holders are non-resident enterprises, they may not be subject to the VAT in the PRC if the purchasers of the H shares are individuals or entities located outside of the PRC whereas the holders may be subject to the VAT in the PRC if the

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purchasers of the H shares are individuals or entities located in the PRC. There is still uncertainty as to whether non-PRC resident enterprises are actually subject to VAT in the PRC on the disposal of H shares.

In addition, VAT payers are also subject to urban maintenance and construction tax, education surtax and local education surtax (the “**local surtax**”), which is usually 12% of the actual VAT, business tax and consumption tax (if any) payable.

Income Taxes

Individual investors

According to the IIT Law and the Implementation Provisions of the Enterprise Income Tax Law, gains from the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

According to the Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares 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 by the MOF and SAT on March 30, 1998 and effective on the same date, since January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be temporarily exempted from individual income tax. On December 31, 2009, the MOF, the SAT and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《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》), which became effective on the same date, provides that individuals’ income from the transfer of listed shares of the listed company 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 Notice on Issues Concerning the Individual Income Tax on Individuals’ Income from the Transfer of Restricted Stocks 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補充通知》) jointly issued by the above three departments and came into effect on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise investors

In accordance with the EIT Law and its Implementation Provisions, a non-resident enterprise is generally subject to a 10% enterprise income tax 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 premises in the PRC but its PRC-sourced income is not connected in reality with such establishment or premise. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income shall be the withholding agent, and is required to withhold the income tax from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on June 10, 2021 and implemented on July 1 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the PRC and entities and individuals who issue taxable certificates and conduct securities transactions outside the PRC to be used within the PRC are

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subject to stamp duty, thus the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the purchase and disposal of H Shares by non-PRC investors outside the PRC.

Estate duty

According to PRC law, as of the Latest Practicable Date, no estate duty is currently levied in the PRC government.

Major Taxes on the Company in the PRC

EIT Law

In accordance with the EIT Law and its Implementation Provisions, the enterprise income tax rate is 25%. Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax at a rate of 25% on its income within the PRC.

Pursuant to the Announcement of the MOF and the SAT on Further Supporting the Development of Relevant Tax and Fee Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (《財政部、國家稅務總局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》) issued by August 2, 2023 and implemented on January 1, 2023, the taxable income of a small low-profit enterprise shall be calculated at a reduced rate of 25% and be subject to enterprise income tax at 20% tax rate, which will be extended to December 31, 2027.

Pursuant 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 Ministry of Science and Technology of the PRC, the MOF and the SAT on April 14, 2008, amended on January 29, 2016 and effective on January 1, 2016, enterprises that are recognized as high-tech enterprises can apply for a preferential enterprise income tax rate of 15% in accordance with the EIT Law.

Value-added tax

Pursuant 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 on December 13, 1993, last amended and implemented on November 19, 2017 and the Detailed Rules for the Implementation of 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 15, 1993, last amended on October 28, 2011 and implemented on November 1, 2011, all taxpayers engaging in the sale of goods or processing, repair and assembly services, the sale of services, intangible assets, real estate, and import goods in the PRC are subject to VAT. Unless otherwise specified, the tax rate is 17.0% for the sale of goods or labour services, leasing services of tangible movable property, or import of goods.

According to the Notice of the MOF and the SAT on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), issued by the MOF and the SAT on April 4, 2018 and implemented on May 1, 2018, the applicable tax rate for VAT is adjusted where the VAT rates of 17.0% and 11.0% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16.0% and 10.0%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), issued by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, the VAT rates of 16% and 10% for the sale of or import of goods are adjusted to 13% and 9%, respectively.

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According to the Circular 36, approved by the State Council, the Pilot Program for Transition from Business Tax to VAT has been fully implemented nationwide since May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax. According to the Implementation Measures for the Pilot Program for Transition from Business Tax to VAT (《營業稅改徵增值稅試點實施辦法》) promulgated by the MOF and the SAT on December 12, 2013, amended on March 23, 2016, July 11, 2017 and March 20, 2019, respectively, and implemented on April 1, 2019, the tax rates for taxpayers selling services, intangible assets or real estate are 17%, 11%, 6% and zero respectively.

According to the Announcement on the Value-Added Tax Reduction and Exemption Policy for Small-Scale Value-Added Tax Taxpayers (《關於增值稅小規模納稅人減免增值稅政策的公告》) promulgated and implemented by the MOF and the SAT on August 1, 2023, small-scale value-added tax taxpayers with monthly sales of less than RMB100,000 (inclusive) are exempt from value-added tax. The announcement will be implemented until December 31, 2027.

FOREIGN EXCHANGE

The lawful currency of the PRC is the Renminbi. The SAFE, under the authority of PBOC, is entitled to perform the function of administrating all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and last amended and implemented on August 5, 2008, payments of current account items, such as profit distributions, interest payments and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. By contrast, approval from or registration with SAFE or its branch offices is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of 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 implemented on June 1, 2015, foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment shall be directly examined and handled by banks on

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behalf of the SAFE. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

The Decisions on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》), which was issued and implemented by the State Council on October 23, 2014, decides to cancel the approval requirement of the SAFE and its branch offices for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into Renminbi domestic accounts.

According to the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the “**Circular 21**”), which was promulgated on May 10, 2013, took effect on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019, the Circular 21 specifies that the administration by SAFE or its local branch offices over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE or its branch offices.

The Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**Circular 19**”) promulgated by the SAFE on March 30, 2015, last amended and implemented on March 23, 2023, allows foreign-invested enterprises to make equity investments by using Renminbi fund converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. Furthermore, the Circular 19 and the Circular 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》), which was issued by the SAFE on June 9, 2016, last amended and implemented on December 4, 2023 (the “**Circular 16**”), continues to prohibit foreign-invested enterprises from, among other things, using Renminbi funds converted from its foreign exchange capitals for expenditure beyond its business scope or prohibited by national laws and regulations, investment in securities, or other investment and wealth management (except for guarantee products issued by banks), providing loans to non-affiliated enterprises (except where the business scope clearly permits) or constructing or purchasing real estate not for self-use (except for real estate enterprises). The Circular on Further Deepening Reforms to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) (Huifa [2023] No. 28) issued and implemented by the SAFE on December 4, 2023, made further updates on the Circular 16, specifying that the use of capital funds of non-financial enterprises, foreign exchange income under foreign debt and Renminbi funds derived from foreign exchange settlement shall follow the principle of truthfulness and for own use, and (i) shall not be used directly or indirectly for expenditures prohibited by national laws and regulations; (ii) unless otherwise expressly provided, shall not be used directly or indirectly for investment in securities or other investment and wealth management (except for wealth management products and structured deposits with risk ratings of not higher than Level 2); (iii) shall not be used for the issuance of loans to non-affiliated enterprises (except for those expressly permitted in the scope of business and the four specific areas, namely Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone, Nansha Area of Guangzhou of China (Guangdong) Pilot Free Trade Zone, China (Hainan) Free Trade Port on the Yangpu Economic Development Zone, and Beilun District of Ningbo City, Zhejiang Province); (iv) shall not be used for the purchase of non-self-use residential properties (except for enterprises engaged in real estate development and operation and real estate leasing and operation).

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The Notice on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was issued by the SAFE on October 23, 2019, last amended and implemented on December 4, 2023, cancelled the restrictions on the domestic equity investment by non-investment foreign-funded enterprises with their capital funds and non-investment foreign-funded enterprises are allowed to make domestic equity investment with their capital funds in accordance with the law on the premise that the Negative List is not violated and the projects invested thereby in China are true and compliant.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated and implemented by the SAFE on April 10, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction. The bank in charge shall follow the principle of prudential business development to manage and control relevant business risks, and conduct post spot checking on the facilitation of payment for the income under capital accounts in accordance with relevant requirements.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued and implemented by the SAFE on December 26, 2014, a domestic company shall register its overseas listing with the foreign exchange bureau located at its registered address within 15 working days after completion of the overseas listing and issuance. 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 content of the document or offering documents for corporate bond, shareholders’ circulars, resolutions of the board of directors or shareholders’ meetings and other publicly disclosed documents.

The State Administration of Foreign Exchange promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) issued and took effect on December 4, 2023, cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors’ security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.