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TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is 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 relevant tax provisions is based on current legislation and practice, without taking into account anticipated changes or amendments to relevant laws and policies, and does not constitute any form of advice or recommendation. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon the laws and relevant interpretations in effect as of the Latest Practicable Date. All laws and related interpretations are subject to change and may have retrospective effect.

No issues on PRC or Hong Kong taxation other than income tax, capital gains and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the following discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

THE PRC TAXATION

A. 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》), which was promulgated on September 10, 1980, most recently amended on August 31, 2018 and implemented on January 1, 2019, and the Implementation Provisions 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 promulgated on January 28, 1994, most recently amended on December 18, 2018 and implemented on January 1, 2019 (hereinafter collectively referred to as the “**IIT Law**”), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus 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》) (Cai Shui [2015] No. 101) promulgated on September 7, 2015 and implemented on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering and the stock market for more than 1 year, the dividend shall be temporarily exempted from individual income tax. Where an individual obtains shares of a listed company from the public offering and the stock market, if the holding period is within 1 month (inclusive), the dividend and bonus income shall be included in the taxable income in full; where the

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holding period is between 1 month and 1 year (inclusive), 50% of the dividend income shall be included in the taxable income. All such income shall be subject to personal income tax at a uniform rate of 20%.

Pursuant to Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued and implemented by the State Administration of Taxation on June 28, 2011, for domestic non-foreign-invested enterprises issuing shares in Hong Kong, its overseas individual shareholders may enjoy relevant preferential tax treatment in accordance with the tax agreement between the PRC and its country of residence, and the tax agreement between the PRC and Hong Kong (or Macao). Domestic non-foreign-invested enterprises that issue shares in Hong Kong generally are subject to withhold personal income tax at 10% of dividends and profits without application. If the individual receiving dividends is a resident of an agreement country with a tax rate of less than 10%, the withholding agent shall apply for the relevant preferential treatment in accordance with the provisions and shall refund overpayment of tax after approval by the competent tax authority. If the individual is a resident of an agreement country with a tax rate higher than 10% but lower than 20%, the withholding agent shall withhold personal income tax at the agreement effective rate when paying dividends and bonuses, and no application is required in such cases. If the individual receiving dividends is a resident of a country without a tax agreement with the PRC or other circumstances exist, the withholding agent shall withhold personal income tax at the rate of 20% when paying dividends.

According 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 Income Tax (《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 Income Tax**”) signed on August 21, 2006 and effective on December 8, 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident (including a natural person and a legal entity), but such tax amount shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds a 25% or more of the equity interest in a PRC company, such tax amount shall not exceed 5% of the gross amount of dividends payable by the PRC company. Pursuant to the Fifth Protocol 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 (the “**Fifth Protocol**”) with respect to Income Tax signed by the STA on July 19, 2019 and effective on December 6, 2019, such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

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Pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《關於個人所得稅若干政策問題的通知》), which was issued by the MOF and the SAT on 13 May 1994 and came into effect on the same date, the incomes gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempt from individual income tax for the time being.

Enterprise Investors

In accordance with the provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued on March 16, 2007, most recently amended on December 29, 2018 and implemented on the same day and the Implementation Provisions of the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued on December 6, 2007, most recently amended on December 6, 2024, and implemented on January 20, 2025 (hereinafter referred to as the “Enterprise Income Tax Law”), resident enterprises shall pay enterprise income tax on their income sourced from both inside and outside China. The rate of corporate income tax shall be 25%. A non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise who issued 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 has no real connection with such establishment or premise. The aforesaid 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 withholding taxes may be reduced or waived under applicable treaties for the avoidance of double taxation.

Pursuant to the provisions of the Circular of the State Administration of Taxation on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於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 on November 6, 2008, a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes. In addition, pursuant to the provisions of the Response to Questions on Levying Corporate Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《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》), which was issued by the SAT and came into effect on July 24, 2009, any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant 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》), which was signed on August 21, 2006 and came into effect on December 8, 2006, the PRC Government may levy taxes on the dividends paid by a

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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 unless a Hong Kong resident directly holds 25% or more of the equity interest in the PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. Pursuant to the provisions of the Fifth Protocol (《第五議定書》), such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Although 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》) adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, 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 this 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 is subject to the requirements of PRC tax laws and regulations, such as the Notice of the STA on the Issues Concerning the Application of the Dividend Clauses in Tax Treaties (《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-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. The PRC currently has entered into 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 and etc. 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 PRC 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 PRC tax authorities.

B. Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated by the Ministry of Finance and the STA on March 23, 2016 and was last revised on April 1, 2019, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. This Notice also provides that transfer of financial products, including transfer of the

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ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in Appendix III to the Notice of the Ministry of Finance and the State Taxation Administration on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (namely, the Regulations on the Transition Policy Relating to the Pilot Plan for Levying Value Added Tax in Lieu of Business Tax《營業稅改徵增值稅試點過渡政策的規定》). According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge, typically 12% of the actual VAT payable (if applicable).

Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) promulgated and implemented by the MOF and the STA on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. In the latest amendments to the IIT Law, the STA has not explicitly stated whether income derived from the transfer of shares in listed companies by individuals will continue to be temporarily exempt from personal income tax.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Catalogue of Preferential Individual Income Tax Policies with Continued Effect (《財政部、國家稅務總局關於繼續有效的個人所得稅優惠政策目錄的公告》) issued and implemented by the MOF and the STA on December 29, 2018, the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) will remain effective.

Furthermore, the Notice of the State Administration of Taxation on Issues Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2009] No. 167) (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(財稅[2009]167號)) jointly issued by the Ministry of Finance, STA and China Securities Regulatory Commission on December

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31, 2009 and implemented on January 1, 2010 stipulates that individuals’ income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, provided that it excludes the relevant restricted shares as defined in the Supplementary Notice Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (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(財稅[2010]70號)) jointly issued and implemented on 10 November 2010 by the same departments. As at the Latest Practicable Date, the aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprise listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise Investors

In accordance with the EIT Law, 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. Such tax may be reduced or exempted pursuant to relevant tax treaties or arrangements on avoidance of double taxation.

C. Stamp Duty

Pursuant to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, the PRC stamp duty shall be applicable to the entities and individuals who conclude taxable documents and engage in securities transactions within the territory of the PRC shall be taxpayers of stamp tax, and the entities and individuals who conclude taxable vouchers outside the territory of the PRC and use them within the territory of the PRC. Accordingly, the requirements of the PRC stamp duty law shall not apply to the purchase and disposal of H Shares by non-PRC investors outside of the PRC.

D. Estate Duty

No estate duty is levied in the PRC under the PRC laws.

PRC FOREIGN EXCHANGE MANAGEMENT

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange controls and cannot be entirely converted into foreign currency freely. The SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

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Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), which was issued by the State Council on January 29, 1996, most recently updated on August 1, 2008 and implemented on August 5, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange administrative authorities. For capital items, overseas organizations and overseas individuals making direct investments in the PRC shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange administrative authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that a material misbalance occur or may occur in the international revenue and expenditure, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and administrative measures on international revenue and expenditure.

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 became effective on July 1, 1996, removed other restrictions on convertibility of foreign exchange under current items, while imposes restrictions on foreign exchange transactions under capital items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

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 the 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.

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According to the Decisions on Matters including Canceling 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》) (Guofa [2014] No. 50) which was issued and implemented by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the repatriation and settlement of the proceeds raised from the overseas listing of the foreign shares into Renminbi domestic accounts.

According to the Notice of the SAFE 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》) 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 state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be repatriated 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 and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a special account with a local bank for overseas listing of local enterprises to handle corresponding capital exchange and transfer for its business for its initial public offering (or enhancement) or repurchase.

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》), which came into effect on June 1, 2015 and was revised on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the SAFE on Revolutionize and Regulate Capital Account Settlement Management Policies (《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 by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

Pursuant to the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) issued by the SAFE on January 18, 2017 and implemented on the same day, it is to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and

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adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas ending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner’s equity in the audited financial statements of the preceding year.

Pursuant to the Notice on Further Facilitating Cross-Board Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) promulgated by the SAFE on October 23, 2019, the restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises have been cancelled. Meanwhile, 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 revenue under capital accounts, such as capital funds, foreign debt offering proceeds and remitted foreign listing proceeds 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 administrative regulations for use of revenue from capital accounts.

According to the Circular of the SAFE 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 by the SAFE on April 10, 2020 and became effective on the same day, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc. for domestic payment, without prior provision of proof materials for veracity to the bank for each transaction.