TAXATION OF SECURITY HOLDERS

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

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

TAXATION IN MAINLAND CHINA

Tax on Dividends

Individual investor

According to the Individual Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國個人所得稅法》), and the Implementation Regulations of the Individual Income Tax Law of the PRC (2018 Revision) (《中華人民共和國個人所得稅法實施條例》), dividends distributed by PRC enterprises to individuals shall be subject to individual income tax levied at a flat rate of 20%. Meanwhile, According to the Circular on Issues Concerning Differentiated 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》) (Cai Shui [2015] No. 101), if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed on August 21, 2006 and effective from December 8, 2006, the government may levy taxes on 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; however, if the Hong Kong resident directly owns at least 25% of the capital of the company paying the dividends, the amount shall not exceed 5% of the total dividends payable by the PRC company.

Pursuant to the Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Offshore Non-resident Enterprise Holders 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》) (Guo Shui Han [2008] No. 897), when PRC resident enterprises distribute dividends for 2008 and subsequent years to offshore non-resident enterprise holders of H shares, enterprise income tax shall be uniformly withheld and paid at a tax rate of 10%.

Corporate investor

In accordance with the Enterprise Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國企業所得稅法》) ("**EIT Law**"), and the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC (2024 Revision) (《中華人民共和國企業所得稅法實施條例》), non-resident enterprises that have not established an institution or a place of business in China, or that have established an institution or a place of business but the income derived therefrom has no actual connection with such institution or place of business, shall pay enterprise income tax on their income sourced from within China. Generally, enterprise income tax shall be paid on income sourced from within China (including dividends paid by PRC resident enterprises whose shares are issued and listed in Hong Kong) at a reduced rate of 10%. Income tax payable by non-resident enterprises shall be subject to withholding at source, with the payer acting as the withholding agent. Such withholding tax shall be withheld by the withholding agent from the amount paid or amount due and payable upon each payment or payment due and payable.

Tax Treaty

Non-resident investors residing in jurisdictions which have entered treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC corporate income tax imposed on the dividends received from PRC companies. Non-resident enterprises enjoying preferential tax rates under relevant tax treaties or arrangements must apply to the PRC tax authorities for a refund of enterprise income tax exceeding the treaty tax rate. The refund application shall be subject to verification by the PRC tax authorities.

TAXATION ON PROCEEDS FROM SHARE TRANSFERS

Tax on Dividends

According to the Individual Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國個人所得稅法》) and the Regulations for the Implementation of the Individual Income Tax Law of the PRC (2018 Revision) (《中華人民共和國企業所得稅法實施條例》), income from interest, dividends, and bonuses is subject to a proportional tax rate of 20%.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Continued Temporary Exemption of Individual Income Tax on Income from Individual Transfer of Shares (《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》) (Cai Shui Zi [1998] No. 61), starting from January 1, 1997, individual income tax on income derived by individuals from the transfer of shares of listed companies shall continue to be temporarily exempted.

According to the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Issues Concerning the Levy of Individual Income Tax on Income from Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) and the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Income from Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70), effective from January 1, 2010, income derived by individuals from the transfer of restricted shares shall be subject to individual income tax at a proportional tax rate of 20% under "income from asset transfer". Individual income derived from the transfer of shares of listed companies obtained from public offerings and the transfer market on the Shanghai Stock Exchange and Shenzhen Stock Exchange shall continue to be exempt from individual income tax.

As of the Latest Practicable Date, the aforesaid provision has not expressly stipulated whether individual income tax shall be levied on individuals transferring shares of PRC resident enterprises listed on overseas stock exchanges.

Corporate investor

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at a rate of 10% on PRC-sourced income, including gains from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or if it has an establishment or premises in the PRC but the PRC-sourced income is not effectively connected to them. This income tax payable by non-PRC resident enterprises is subject to withholding at source, with the payer acting as the withholding agent. The withholding agent must deduct the tax from each payment or amount due at the time of payment or when it becomes due. Such tax may be reduced or exempted under applicable tax treaties or agreements.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on Tax Policies Concerning the Pilot Program of Shanghai-Hong Kong Stock Market Connect (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81) issued by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission, individual mainland investors are temporarily exempt from individual income tax on capital gains derived from investments in Hong Kong Stock Exchange-listed shares through Shanghai-Hong Kong Stock Connect, effective from November 17, 2014 to November 16, 2017. The income from the transfer price difference obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect is included in their total income and enterprise income tax is levied on such income in accordance with the law. For dividends obtained by individual mainland investors from investment in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share company shall apply to China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as ChinaClear), which will then provide the H-share company with the register of individual mainland investors, and the H-share company shall withhold individual income tax at the rate of 20%. For dividends obtained by individual mainland investors from investing in non-H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, ChinaClear shall withhold individual income tax at the rate of 20%. Individual investors who have paid withholding tax abroad may apply for tax credits at the competent tax authorities in China with valid tax deduction certificates. For the dividends and bonuses obtained by mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, individual income tax will be levied pursuant to the provisions mentioned above. The income from dividends obtained by mainland enterprise investors investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect is included in their total income, and enterprise income tax shall be levied in accordance with the law. Among them, dividends received by mainland Chinese resident enterprises that have continuously held H-shares for 12 months shall be exempted from enterprise income tax in accordance with the law. H-share companies listed on the Hong Kong Stock Exchange should submit an application to China Securities Depository and Clearing Corporation Limited (CSDC). CSDC will then provide the H-share companies with a register of mainland enterprise investors. H-share companies will not withhold income tax on dividends obtained by mainland enterprise investors, and the tax payable shall be declared and paid by the enterprises themselves. When mainland enterprise investors file and pay enterprise income tax themselves, they may apply for a tax credit in accordance with the law for the income tax on dividends that has been withheld by non-H-share listed companies on the Hong Kong Stock Exchange.

According to the Announcement on the Continuation of the Individual Income Tax Policy for the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, and Mutual Recognition of Funds between the Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) (Ministry of Finance, State Taxation Administration, China Securities Regulatory Commission Announcement No. 23 of 2023), the individual income tax policies concerning the continuation of the Shanghai-Hong Kong Stock Connect (hereinafter referred to as Shanghai-Hong Kong Stock Connect), Shenzhen-Hong Kong Stock Connect (hereinafter referred to as Shenzhen Hong Kong Stock Connect), and Mutual Recognition of Funds between the Mainland and Hong Kong (hereinafter referred to as Mutual Recognition of Funds) are hereby announced as follows: I. Individual income tax will continue to be temporarily exempted on capital gains derived by mainland individual investors from investments in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, and on capital gains derived from the trading of Hong Kong fund units through mutual recognition of funds. II. This announcement is effective until December 31, 2027.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), the disposal of H-shares by non-mainland investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the PRC.

Estate Duty

According to the laws of the PRC, no estate duty is currently levied in mainland China.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

In accordance with the EIT Law its implementation rules, enterprises established in the territory of China according to law, or enterprises established under the laws of a foreign country (region) but whose actual management body is within the territory of China, shall pay enterprise income tax on their income derived from both within and outside the territory of China. The enterprise income tax rate is 25%. Qualified small low-profit enterprises shall be subject to enterprise income tax at a reduced rate of 20%. High-tech enterprises that are key enterprises supported by the State shall be subject to enterprise income tax at a reduced rate of 15%.

Value-added tax

According to the Provisional Regulations of the PRC on Value-Added Tax (2017 Revision) (《中華人民共和國增值稅暫行條例》), and the Implementation Rules of the Provisional Regulations of the PRC on Value-Added Tax (2011 Revision) (《中華人民共和國增值稅暫行條例實施細則》), entities and individuals engaged in the sale of goods, provision of processing, repair, and replacement services, sale of services, intangible assets, real estate, or importation of goods within China are VAT taxpayers and shall pay value-added tax. The VAT rate for sales or imports of goods by taxpayers is generally 17%, unless otherwise specified in the above regulations. The Value-Added Tax Law of the PRC, promulgated by the Standing Committee of the National People's Congress on December 25, 2024, came into effect on January 1, 2026.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), if taxpayers engage in VAT taxable sales or import goods, with the original applicable tax rates of 17% and 11%, the tax rates will be adjusted to 16% and 10%, respectively.

According to the Announcement by the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs on Relevant Policies for Deepening Value-added Tax Reform 《財政部、税務總局、海關總署關於深化增值税改革有關政策的公告》, if general VAT taxpayers engage in VAT taxable sales or imported goods, with the original applicable tax rate of 16%, the tax rate will be adjusted to 13%; and where the original 10% tax rate is applicable, the tax rate will be adjusted to 9%.

Foreign Exchange

The legal currency of the PRC is the Renminbi. The State Administration of Foreign Exchange ("**SAFE**") authorized by the People's Bank of China ("**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

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

Pursuant to the Regulations on the Administration of Foreign Exchange Settlement, Sale, and Payment (《結匯、售匯及付匯管理規定》) (Yin Fa [1996] No. 210), the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

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

Pursuant to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items 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》) (Guo Fa [2014] No. 50), the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Circular of the SAFE on Relevant 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》) (Hui Fa [2014] No. 54), the SAFE and its branches and the Foreign Exchange Management Department, or the Foreign Exchange Bureau, supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies. A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the local foreign exchange bureau. A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a "special foreign exchange account for overseas listing of domestic companies" with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange 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》) (Hui Fa [2015] No. 13), the SAFE has canceled the confirmation of foreign exchange registration of domestic or overseas direct investment. Instead, banks shall directly examine and handle foreign exchange registration of domestic and overseas direct investment, and the SAFE and its branch offices shall indirectly supervise the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Management Policies of Settlement under Capital Account Items (《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》) (Hui Fa [2016] No. 16), foreign currency earnings under capital account for which voluntary exchange settlement policies have been clearly implemented (including the funds transferred back from overseas listings) may be settled in banks according to actual business needs of domestic entities. The voluntary settlement ratio of foreign currency earnings of domestic institutions under capital account is tentatively set at 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

Pursuant to Notice of the People's Bank of China on Further Improving Cross-Border RMB Service Policies to Promote Trade and Investment Facilitation (《中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知》) (Yin Fa [2018] No. 3), RMB funds raised by domestic enterprises through share issuance overseas may be remitted into China for domestic use as needed.

According to the Notice by the State Administration of Foreign Exchange Regarding Optimizing Foreign Exchange Administration to Support Foreign Business Development (《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》) (Hui Fa [2020] No. 8), on the premise of ensuring that the use of funds is true and compliant and complies with the current regulations on the management of capital account income use, qualified enterprises are allowed to use capital account income such as capital, foreign debt and overseas listing for domestic payment without providing authenticity certification materials to banks on case-by case basis in advance.

According to the Notice by the State Administration of Foreign Exchange of Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation (《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》) (Hui Fa [2023] No. 28), the use of RMB funds derived from the capital, foreign exchange income from foreign debts and their remittances by non-financial enterprises shall follow the principles of truthfulness and self-consumption, and shall not be used, directly or indirectly, for expenditures prohibited by laws and regulations of the State. Unless otherwise expressly provided, the funds shall not be used directly or indirectly for investment in securities or other investment and financial management (except for wealth management products and structured deposits with a risk rating of not more than Level 2); the funds shall not be used to issue loans to unaffiliated enterprises (as well as in the case of those expressly permitted by the scope of business and in the case of the China (Shanghai) Free Trade Pilot Zone Lingang New Area, the China (Guangdong) Free Trade Pilot Zone Guangzhou Nansha New Area, the China (Hainan) Free Trade Harbor, Yangpu Economic Development Zone, and Beilun District of Ningbo City, Zhejiang Province); and shall not be used for the purchase of residential real estate for non-self-use (except for enterprises engaging in real estate development and real estate leasing operations). Foreign exchange funds raised from overseas listings by domestic enterprises can be directly transferred to the capital account settlement account. Funds in the capital account settlement account can be independently converted and used.