1. SECURITIES TAXES

Income tax and capital gains tax in respect of H Shares shall be levied in accordance with the laws and practices of the People's Republic of China ("PRC") and the laws and practices of the jurisdiction where the H Share holder resides or is subject to taxation. The following is a summary of certain relevant tax provisions, prepared based on the current laws and practices of the PRC, which are subject to revision and do not constitute legal or tax advice to H Share holders. This discussion is not intended to cover all tax implications that may arise from the holding of H Shares, nor does it take into account any individual specific circumstances (some of which may be subject to special regulations). Therefore, prospective [**REDACTED**] should consult a professional tax adviser for independent advice on the tax implications of holding H Shares. This discussion is based on the laws and relevant interpretations in effect as of the Latest Practicable Date, which are subject to change, and such changes may be retroactive.

Taxation within the PRC

A. Taxes Relating to Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the People's Republic of China (the "**IIT Law**") revised on 31 August 2018 and effective on 1 January 2019, and the Implementation Regulations of the Individual Income Tax Law of the People's Republic of China (the "IIT Implementation Regulations") revised on 18 December 2018 and effective on 1 January 2019, dividends distributed by PRC enterprises shall be subject to PRC individual income tax at a uniform rate of 20%. For non-PRC resident foreign individuals receiving dividends from PRC enterprises, withholding tax at a rate of 20% shall generally apply, unless specially exempted by the competent tax authorities of the State Council or reduced in accordance with applicable tax treaties.

Meanwhile, pursuant to the Notice on Issues Concerning the Differential Individual Income Tax Policy for Dividends and Bonuses of Listed Companies (Caishui [2015] No. 101) promulgated by the Ministry of Finance ("MOF"), the State Taxation Administration ("STA") and the China Securities Regulatory Commission ("**CSRC**") on 7 September 2015 and effective on 8 September 2015, individual investors who acquire shares of listed companies through public offerings or trading on the stock exchanges where the companies are listed and hold such shares for more than one year shall be temporarily exempt from individual income tax on their dividend and bonus income; those who hold the shares for less than one month shall pay individual income tax on the full amount of dividends; and those who hold the shares for more than one month but not more than one year (inclusive) shall pay individual income tax on 50% of the dividend income. A uniform tax rate of 20% shall apply in all the above circumstances where individual income tax is payable.

Pursuant to the Arrangement between the Mainland of 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 (the "Arrangement") signed on 21 August 2006, the PRC government has the right to tax dividends paid by PRC companies to Hong Kong residents (including natural persons and legal entities), provided that such tax shall not exceed 10% of the total dividends payable by the PRC company; if a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company, such tax shall not exceed 5% of the total dividends payable. Pursuant to the Fifth Protocol to the Arrangement (the "Fifth Protocol") signed on 19 July 2019 and effective on 6 December 2019, the above provisions shall not apply to arrangements or transactions entered into with one of the main purposes of obtaining such tax concessions.

Pursuant to the Announcement of the State Taxation Administration on Issuing the Measures for the Administration of Non-resident Taxpayers Enjoying Treaty Benefits (STA Announcement [2019] No. 35) promulgated by the STA on 14 October 2019 and effective on 1 January 2020, non-resident taxpayers with tax obligations in the PRC who wish to enjoy treaty benefits may proceed by way of "self-discretion, filing for eligibility and retention of relevant" when filing tax returns or through withholding agents when filing withholding returns.

Corporate Investors

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**") revised on 29 December 2018 and effective on the same date, and the Implementation Regulations of the Corporate Income Tax Law of the People's Republic of China (the "CIT Implementation Regulations") revised on 6 December 2024 and effective on 20 January 2025, non-resident enterprises that have not established any institutions or organizations in the PRC, or that have established establishments or places in the PRC but the income derived is not effectively connected with such institutions or organizations, shall pay PRC corporate income tax at a rate of 10% on their income derived from the PRC (including dividends paid by PRC resident enterprises whose shares are issued and listed in Hong Kong). Such withholding tax (if applicable) may be reduced or exempted pursuant to double taxation avoidance agreements. The withholding tax payable by non-resident enterprises shall be deducted at source, and the dividend payer shall withhold the income tax from the amount paid to the non-resident enterprise when the dividends are paid or become payable.

Pursuant to the Notice on Issues Concerning the Withholding of Corporate Income Tax on Dividends Distributed by PRC Resident Enterprises to Non-resident Enterprise Shareholders of Overseas H Shares (Guoshuihan [2008] No. 897) promulgated by the STA on 6 November 2008 and effective on the same date, when PRC resident enterprises distribute dividends for the years 2008 and thereafter, they shall withhold corporate income tax at a rate of 10% on the dividends distributed to non-resident enterprise shareholders of overseas H Shares. Pursuant to the Reply on Issues Concerning the Levying of Corporate Income Tax on Dividends from B Shares and Other Stocks Obtained by Non-resident Enterprises (Guoshuihan [2009] No. 394) promulgated by the STA on 24 July 2009 and effective on the same date, any PRC resident enterprise listed on an overseas stock exchange shall withhold and pay corporate income tax at a rate of 10% on the dividends distributed to non-resident enterprises for the years 2008 and thereafter. The above tax rates may be further adjusted in accordance with tax treaties or agreements concluded between the PRC and the relevant jurisdictions (if applicable).

Pursuant to the Arrangement, the PRC government has the right to tax dividends paid by PRC companies to Hong Kong residents (including natural persons and legal entities), provided that such tax shall not exceed 10% of the total dividends payable by the PRC company; if a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company, such tax shall not exceed 5% of the total dividends payable. The Fifth Protocol stipulates that the above provisions shall not apply to arrangements or transactions entered into with one of the main purposes of obtaining such tax concessions.

Pursuant to the Announcement of the State Taxation Administration on Issuing the Measures for the Administration of Non-resident Taxpayers Enjoying Treaty Benefits (STA Announcement [2019] No. 35) promulgated on 14 October 2019 and effective on 1 January 2020, non-resident taxpayers with tax obligations in the PRC seeking to avail themselves of treaty benefits may do so by way of "self-assessment of eligibility, declaration of entitlement to benefits, and retention of relevant documents for future verification by tax authorities" when filing tax returns or through withholding agents in the course of withholding tax filings.

Tax Treaties

Where the country (region) of residence of a non-resident investor has concluded a double taxation avoidance agreement with the PRC, the investor shall generally be entitled to withholding tax reductions or exemptions in respect of dividends received from companies within the PRC. The PRC has entered into double taxation avoidance arrangements with numerous countries and regions, including but not limited to Hong Kong, Macao, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Pursuant to the Law of the People's Republic of China on the Administration of Tax Collection, in the event of any inconsistency between the provisions of relevant tax agreements or arrangements concluded between the PRC and other countries and the provisions of the Law of the People's Republic of China on the Administration of Tax Collection, the provisions of such agreements or arrangements shall prevail.

Where a non-resident taxpayer eligible for a preferential tax rate under the relevant income tax agreement or arrangement fails to actually enjoy such preferential treatment, it may apply to the PRC tax authorities for a refund of the withholding tax paid in excess of the rate stipulated in the agreement. Such tax refund application shall be processed only after verification by the PRC tax authorities.

B. Taxes Relating to the Transfer of Shares

Value-Added Tax ("VAT") and Local Surcharges

Pursuant to the Notice on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (Caishui [2016] No. 36) (the "**Notice 36**") effective on 1 May 2016 and revised on 20 March 2019, individuals and entities rendering services within the PRC are obligated to pay VAT. Pursuant to Notice 36 and its appendices, the rendering of services shall include the transfer of financial products (including securities), and the rendering of services shall be deemed to occur within the PRC if either the service provider or the service recipient is located within the PRC, unless otherwise specified in Notice 36 or other regulations promulgated by the MOF and the STA. The transfer of securities shall be subject to VAT at a rate of 6% based on the taxable income, which refers to the balance of the sales price after deducting the purchase price. However, individuals are exempt from VAT liability in respect of the transfer of financial products. Such VAT payment obligation applies to general VAT taxpayers and foreign VAT taxpayers alike.

Based on the aforementioned policy provisions, non-resident individuals selling or disposing of H Shares shall be exempt from PRC VAT. However, if the holder is a non-resident enterprise, PRC VAT may only be avoided if the buyer of the H Shares is an individual or entity outside the PRC. Where the buyer of the H Shares is an individual or entity within the PRC, the holder may be obligated to pay PRC VAT.

Income Tax

Individual Investors

Pursuant to the IIT Law, gains derived from the transfer of equity interests in PRC resident enterprises shall be subject to individual income tax at a rate of 20%. Nevertheless, pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Continuing the Temporary Exemption of Individual Income Tax on Gains from Individual Stock Transfers (Caishui Zi [1998] No. 61) promulgated and effective on 30 March 1998, gains derived by individuals from the transfer of shares in listed companies have been temporarily exempt from individual income tax with effect from 1 January 1997.

Pursuant to the Notice on Issues Concerning the Levying of Individual Income Tax on Gains from the Transfer of Restricted Shares of Listed Companies by Individuals (Caishui [2009] No. 167) promulgated by the MOF, the STA and the CSRC on 31 December 2009 and effective on 1 January 2010, gains derived by individuals from the transfer of listed shares acquired through public offerings and trading on the Shanghai Stock Exchange and Shenzhen Stock Exchange shall continue to be exempt from individual income tax, while individual income tax shall be levied at a rate of 20% on the transfer of restricted listed shares. As at the Latest Practicable Date, there are no explicit provisions in the current laws and regulations stipulating that non-resident individuals are required to pay individual income tax on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Corporate Investors

Pursuant to the CIT Law and the Implementation Regulations of the Corporate Income Tax Law of the People's Republic of China (the "CIT Implementation Regulations"), non-resident enterprises shall generally be subject to corporate income tax at a rate of 10% on income derived from sources within the PRC, which includes gains realized from the sale of equity interests in PRC resident enterprises. It is important to note that such tax obligation only applies if the non-resident enterprise has not established any institutions or organizations of business in the PRC, or if it has established institutions or organizations of business in the PRC but the income derived from sources within the PRC is not effectively connected with such establishments or places of business. Corporate income tax in respect of non-resident enterprises shall be subject to withholding at source, with the entity making the payment acting as the withholding agent. Such withholding agent is obligated to deduct the corresponding corporate income tax from the amount paid or payable to the non-resident enterprise. Furthermore, the relevant tax liability of non-resident enterprises may be reduced or exempted pursuant to applicable tax treaties or double taxation avoidance agreements.

Stamp Tax

Pursuant to the Stamp Tax Law of the People's Republic of China promulgated on 10 June 2021 and effective on 1 July 2022, units and individuals that execute taxable documents or conduct securities transactions within the PRC, as well as units and individuals that execute taxable documents or conduct securities transactions outside the PRC but use the relevant taxable documents within the PRC, are obligated to pay stamp duty.

Inheritance Tax

As at the Latest Practicable Date, inheritance tax has not been imposed within the PRC.

2. FOREIGN EXCHANGE CONTROL

As the legal tender of the PRC, the Renminbi ("RMB") has not yet achieved full convertibility and remains subject to foreign exchange control. Authorized by the People's Bank of China ("PBOC"), the State Administration of Foreign Exchange ("SAFE") is responsible for the overall administration of various foreign exchange-related matters nationwide and the specific implementation of various foreign exchange control regulations.

Pursuant to the Administrative Regulations on Foreign Exchange of the People's Republic of China (the "**Administrative Regulations on Foreign Exchange**") promulgated on 29 January 1996 and effective on 1 April 1996, all international payments and transfers are classified into current account items and capital account items. Most current account items do not require approval from SAFE, whereas capital account items still require such approval. Pursuant to the revised Regulations on the Foreign Exchange Administration of the People's Republic of China promulgated on 5 August 2008, the PRC does not impose any restrictions on international payments and transfers under current accounts.

Pursuant to the Provisions on the Administration of Foreign Exchange Settlement, Sale and Payment (the "**Foreign Exchange Settlement Provisions**") promulgated by the People's Bank of China ("PBOC") on 20 June 1996 and effective on 1 July 1996, all other restrictions on foreign exchange conversion under current accounts have been abolished, while the existing restrictions on foreign exchange transactions under capital accounts have been retained.

Pursuant to the Announcement of the People's Bank of China on Reforming and Improving the RMB Exchange Rate Formation Mechanism (PBOC Announcement [2005] No. 16) promulgated and effective on 21 July 2005, the PRC formally implemented a managed floating exchange rate system based on market supply and demand with reference to a basket of currencies, and the RMB exchange rate has since ceased to be pegged solely to the US dollar. After the close of each trading day, the PBOC announces the closing exchange rates of major trading currencies, such as the US dollar, against the RMB in the interbank foreign exchange market, which serve as the central parity rates for transactions of such currencies against the RMB on the following trading day.

With effect from 4 January 2006, to optimize the formation mechanism of the RMB central parity rate, the PBOC introduced an inquiry-based trading model in the interbank spot foreign exchange market while retaining the original matching trading method. Additionally, the PBOC launched a market maker system to ensure the supply of liquidity in the foreign exchange market. On 1 July 2014, the PBOC further refined the RMB exchange rate formation mechanism, authorizing the China Foreign Exchange Trade System ("CFETS") to conduct inquiries with market makers prior to the opening of the interbank foreign exchange market on each trading day. Subsequently, the quotes submitted by market makers are used as the calculation samples for the central parity rate of the RMB against the US dollar. After excluding the highest and lowest quotes, the remaining quotes are weighted and averaged to derive the central parity rate of the RMB against the US dollar for the day, which is announced to the public at 9:15 a.m. on each trading day. On 11 August 2015, the PBOC announced the further refinement of the quotation mechanism for the central parity rate of the RMB against the US dollar, authorizing market makers to provide central parity rate quotes to CFETS prior to the opening of the interbank foreign exchange market on each trading day. Such quotes shall be based on the closing price of the interbank foreign exchange market on the previous trading day, taking into account the supply and demand conditions in the foreign exchange market and the fluctuations of major international currencies.

On 5 August 2008, the State Council promulgated the revised Administrative Regulations on Foreign Exchange, which introduced significant adjustments to the PRC's foreign exchange regulatory system. Firstly, the revised Administrative Regulations on Foreign Exchange adopt the principle of balanced management for the inflow and outflow of foreign exchange funds within the PRC; foreign exchange income obtained overseas may either be repatriated to the PRC or retained overseas, and foreign exchange funds and foreign exchange settlement funds under capital accounts may only be used for purposes approved by the relevant competent authorities and foreign exchange administration authorities. Secondly, it further improved the market supply and demand-based RMB exchange rate formation mechanism. Thirdly, it strengthened the monitoring of cross-border foreign exchange capital flows, clarifying that where the receipts and payments related to cross-border transactions are or may be seriously imbalanced, or where the national economy is or may be facing a serious crisis, the state may take necessary safeguard or control measures on the balance of payments. Fourthly, it enhanced the supervision and administration of foreign exchange trading activities, endowing the State Administration of Foreign Exchange ("SAFE") with broader regulatory powers and improving its supervision and administration efficiency.

Pursuant to the relevant laws and regulations of the PRC, when PRC enterprises (including foreign-invested enterprises) need to use foreign exchange for current account transactions, they are not required to obtain approval from SAFE and may complete payment procedures through foreign exchange accounts opened with designated foreign exchange banks, provided that they submit valid transaction vouchers or documents to the banks. Foreign-invested enterprises that need to use foreign exchange to distribute profits to shareholders, as well as PRC enterprises (such as the Company) that are required to distribute dividends to shareholders in foreign exchange in accordance with relevant provisions, may complete the payment through foreign exchange accounts with designated foreign exchange banks or conduct currency conversion at designated foreign exchange banks prior to payment, based on the profit distribution resolutions adopted by their boards of directors or general meetings of shareholders.

Pursuant to the Decision of the State Council on Canceling and Adjusting a Batch of Administrative Approval Items and Other Matters (Guofa [2014] No. 50) promulgated and effective on 23 October 2014, the State Council decided to abolish the approval by SAFE and its branches for the foreign exchange settlement of funds raised overseas under overseas listed foreign shares repatriated to RMB accounts within the PRC.

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Administration of Foreign Exchange for Overseas Listings (Huifa [2014] No. 54) promulgated and effective on 26 December 2014, domestic companies shall complete the foreign exchange registration procedures for overseas listings with SAFE in the city where their registered offices are located within 15 working days after the completion of overseas issuance and listing. Funds raised by domestic companies through overseas listings may either be repatriated to the PRC for use or deposited overseas, and the purpose of the funds must be consistent with the relevant contents specified in the registration documents and other information disclosure documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies for the Administration of Foreign Exchange in Direct Investments (Huifa [2015] No. 13) promulgated on 13 February 2015 and effective on 1 June 2015, the state abolished two administrative licensing items, namely the approval of foreign exchange registration for domestic direct investments and the approval of foreign exchange registration for overseas direct investments. Subsequently, the foreign exchange registration procedures for domestic and overseas direct investments shall be directly handled by banks, and SAFE and its branches shall conduct indirect supervision over the foreign exchange registration for direct investments through the relevant foreign exchange business handled by banks.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (Huifa [2016] No. 16) promulgated and effective on 9 June 2016, the relevant policies have clearly stipulated that foreign exchange income under capital accounts subject to voluntary foreign exchange settlement (including funds repatriated from overseas listings, etc.) may be settled at banks in accordance with the actual operational needs of domestic institutions. The proportion of voluntary foreign exchange settlement of foreign exchange income under capital accounts for domestic institutions is tentatively set at 100%. SAFE may adjust the above proportion in a timely manner in light of the balance of payments situation.

Pursuant to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Businesses (Huifa [2020] No. 8) promulgated on 10 April 2020, the state fully promoted the reform of facilitating the payment of capital account income nationwide. On the premise of ensuring the true compliance of fund use and in line with the current provisions on the administration of the use of capital account income, eligible enterprises are allowed to use income such as registered capital, external debts, and overseas listings under capital accounts for domestic payments, and there is no need to submit authenticity certification materials to banks in advance for each payment transaction.