

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

TAXATION FOR SECURITIES HOLDERS

H-share holders are obligated to remit income tax and capital gains tax in compliance with the laws and practices of China, as well as those of the jurisdiction in which they reside or are otherwise subject to taxation. The following summary of relevant tax regulations reflects the current legal framework and prevailing practices; it does not account for any prospective amendments or modifications to the relevant laws or policies, nor does it constitute any opinion or advice. This discussion does not involve all potential tax implications associated with investing in H-shares, nor does it consider the individual circumstances of specific investors, some of whom may be subject to special regulations. Accordingly, investors are strongly advised to seek guidance from their own tax advisors concerning the tax implications of investing in H-shares. This discussion is based on laws and related interpretations effective as of the most recent practicable date and may be subject to change or revision, including retrospective application.

This discussion excludes consideration of Chinese taxes beyond income tax, capital gains tax, value-added tax, stamp duty, and inheritance tax. Prospective investors must consult their financial advisors to fully understand the tax implications, both within China and internationally, related to the ownership and disposition of H-shares.

TAXATION IN THE MAINLAND OF CHINA

Dividend Tax

Individual Investors

Pursuant to the most recent amendment to the Individual Income Tax Law of the People’s Republic of China (hereinafter referred to as the Individual Income Tax Law) enacted by the Standing Committee of the National People’s Congress on August 31, 2018, which took effect on January 1, 2019, along with the Regulation on the Implementation of the Individual Income Tax Law of the People’s Republic of China amended by the State Council on December 18, 2018, also effective from January 1, 2019, dividends distributed by Chinese enterprises to individual investors are generally subject to a uniform withholding income tax rate of 20%. Furthermore, in accordance with the Notice of the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission on Issues concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies issued on September 7, 2015, and effective as of September 8, 2015, dividends and bonuses received by individuals from shares of listed companies acquired through public issuance and transfer markets are temporarily exempt from individual income tax provided the holding period exceeds one year. For shares of listed companies obtained by individuals via public issuance and transfer markets, if the holding period is one month or less (inclusive), the entire dividend and bonus income is included in taxable income; if the holding period exceeds one month but does not exceed one year (inclusive), 50% of the dividend income is temporarily included in taxable income. The aforementioned income is uniformly subject to a 20% individual income tax rate.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

In accordance with 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 (hereinafter referred to as the Arrangement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income), signed on August 21, 2006, the Chinese government may levy tax on dividends paid by Chinese companies to residents of Hong Kong (including individuals and legal entities), with the tax rate capped at 10% of the total dividends payable. Where a Hong Kong resident directly holds at least 25% of the equity interest in a Chinese company, is the beneficial owner of the dividends, and satisfies other stipulated conditions, the applicable tax rate shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol 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 (hereinafter referred to as the Fifth Protocol), issued by the State Taxation Administration and effective as of December 6, 2019, provides that the relevant provisions shall not apply to arrangements or transactions where one of the principal purposes is to obtain tax benefits.

Corporate Investors

Pursuant to the most recent amendments and effective provisions of the Enterprise Income Tax Law of the People’s Republic of China (hereinafter referred to as the Enterprise Income Tax Law), promulgated by the Standing Committee of the National People’s Congress on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China, revised by the State Council on December 6, 2024, and effective as of January 20, 2025, income earned by non-resident enterprises from sources within China — including dividends distributed by Chinese resident enterprises listed and issued in Hong Kong to such non-resident enterprises — shall be subject to a 10% enterprise income tax. This applies if the non-resident enterprise has neither established an institution or place of business within the territory of China, nor if such an institution or place of business exists but the income derived is not effectively connected to it. The enterprise income tax payable by non-resident enterprises shall be withheld at source, with the payer designated as the withholding agent. The withholding agent is responsible for deducting the tax at the time of each payment or when the payment becomes due, from the amount payable. Applicable tax treaties or agreements aimed at avoiding double taxation may provide for reductions or exemptions of the tax.

In accordance with the Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises, effective from November 6, 2008, the Chinese resident enterprises are required to withhold and remit enterprise income tax at a uniform rate of 10% on dividends distributed to non-resident H-share shareholders from 2008 onwards.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

Under the Arrangement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, the Chinese government may levy tax on dividends paid by Chinese companies to residents of Hong Kong (including individuals and legal entities), with the tax rate capped at 10% of the total dividends payable by the Chinese companies. Where a Hong Kong resident directly holds at least 25% of the equity interest in a Chinese company, is the beneficial owner of the dividends, and satisfies other stipulated conditions, the applicable tax rate shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol provides that the relevant provisions shall not apply to arrangements or transactions where one of the principal purposes is to obtain tax benefits.

Tax Treaties

In cases where the jurisdiction of a non-resident investor has entered into a Double Taxation Avoidance Agreement or arrangement with China, dividends received from Chinese companies may qualify for a reduction or exemption from Chinese corporate income tax. Non-resident enterprises eligible for preferential tax rates under applicable tax treaties or arrangements are required to submit an application to the Chinese tax authorities to obtain a refund of any corporate income tax paid in excess of the treaty-prescribed rate. Such refund applications are subject to approval by the Chinese tax authorities.

Stock Transfer Income Tax

Individual Investors

Pursuant to the Individual Income Tax Law and its Regulation on the Implementation, income derived by individuals from the sale of equity in Chinese resident enterprises is subject to individual income tax at a rate of 20%. In accordance with the Notice of the Ministry of Finance and the State Taxation Administration on the Continued Temporary Exemption from Individual Income Tax on Income from Personal Stock Transfers (Cai Shui Zi [1998]) (hereinafter referred to as Document No. 61), issued on March 30, 1998, income earned by individuals from stock transfer in listed companies has been continuously exempt from individual income tax since January 1, 1997. Furthermore, the Announcement of the Ministry of Finance and the State Taxation Administration on the Continued Validity of Individual Income Tax Preferential Policies, issued on December 29, 2018, confirms that the provisions outlined in Document No. 61 remain in effect.

Nonetheless, the Notice of the Ministry of Finance, the State Administration of Taxation, and China Securities Regulatory Commission on Relevant Issues Concerning the Individual Income Tax on Individual Income from Transfer of Non-tradable Shares of Listed Companies (Cai Shui [2009] No. 167), was promulgated on December 31, 2009, and effective as of January 1, 2010. This notice specifies that income derived from the transfer of publicly offered listed shares and shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange continues to be exempt from individual income tax, with the exception of shares categorized as restricted shares (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

Companies (Cai Shui [2010] No. 70) jointly issued and implemented by the relevant authorities on November 10, 2010). As of the most recent applicable date, the aforementioned regulations do not explicitly impose individual income tax obligations on non-Chinese resident individuals with respect to the transfer of shares of Chinese resident enterprises listed on overseas stock exchanges.

Corporate Investors

Pursuant to the Enterprise Income Tax Law and its Regulation on the Implementation, a non-resident enterprise that does not establish an institution or place of business within the territory of China, or that establishes such an institution or a place of business but whose income derived from within China is not effectively connected to that institution or place of business, is generally subject to a 10% corporate income tax on China-sourced income (including gains from the disposal of equity interests in Chinese resident enterprises.) The corporate income tax payable by non-resident enterprises is withheld at source, requiring the income payer to deduct and remit the tax from payments made to the non-resident enterprise. Applicable tax treaties or agreements may provide for reductions or exemptions of such taxes to prevent double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81), effective as of November 17, 2014: Mainland individual investors receiving dividend income from H-shares listed on the Hong Kong Stock Exchange (hereinafter referred to as “HKEX”) via the Shanghai-Hong Kong Stock Connect shall have their dividends subject to a 20% individual income tax withholding. The H-share companies are responsible for applying to China Securities Depository and Clearing Corporation Limited (hereinafter referred to as “CSDC”), which will provide the list of eligible mainland individual investors to the H-share companies for tax withholding purposes.

Mainland corporate investors obtaining dividend income from HKEX-listed stocks through the Shanghai-Hong Kong Stock Connect must include such dividend income in their total revenue and are subject to corporate income tax in accordance with applicable laws. Mainland resident enterprises holding H-shares continuously for a period of 12 months or longer are exempt from corporate income tax on dividend income derived from such holdings, as stipulated by law. H-share companies are not obligated to withhold dividend income tax on behalf of mainland corporate investors; these corporate investors are required to self-declare and remit the appropriate taxes.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

In accordance with the Announcement on the Extension of the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Mutual Stock Market Access Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong, issued and effective August 21, 2023: Mainland individual investors realizing capital gains from the transfer of HKEX-listed stocks through the Shanghai-Hong Kong Stock Connect shall continue to enjoy a temporary exemption from individual income tax on such gains until December 31, 2027.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies for the Pilot Program of the Mutual Access Mechanism of the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127), effective as of December 5, 2016: Mainland individual investors receiving dividend income from H-shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect shall have their tax obligations managed as follows: The H-share companies are responsible for applying to CSDC, which will provide the list of eligible mainland individual investors to the H-share companies for tax withholding purposes at a rate of 20%.

Mainland corporate investors obtaining dividend and bonus income from stocks listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect must include such income in their total revenue and are subject to corporate income tax in accordance with applicable laws. Mainland resident enterprises holding H-shares continuously for a period of 12 months or longer are exempt from corporate income tax on dividend and bonus income derived from such holdings, as stipulated by law. H-share companies are not obligated to withhold dividend and bonus income tax on behalf of mainland corporate investors; the responsibility for tax declaration and payment rests with the corporate investors themselves.

In accordance with the Announcement on the Extension of the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Mutual Stock Market Access Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong, issued and effective August 21, 2023: Mainland individual investors realizing capital gains from the transfer of HKEX-listed stocks through the Shenzhen-Hong Kong Stock Connect shall continue to enjoy a temporary exemption from individual income tax on such gains until December 31, 2027.

Stamp Duty

Pursuant to the Stamp Duty Law of the People’s Republic of China, promulgated on June 10, 2021, and effective as of July 1, 2022, stamp duty in China is applicable exclusively to certain taxable documents that are executed or received within the territory of China, possess a legally binding effect within the territory of China, and are safeguarded under Chinese law. Consequently, the stamp duty regulations concerning the transfer of shares in Chinese listed companies do not extend to non-Chinese investors who acquire or dispose of H-shares outside of the territory of China.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

Inheritance Tax

As of the date of this document, Chinese law has not established an inheritance tax.

PRIMARY TAX OBLIGATIONS FOR COMPANIES IN CHINA

Corporate Income Tax

Pursuant to the Enterprise Income Tax Law and its Regulation on the Implementation, all enterprises operating within the territory of China (including foreign-invested enterprises), are subject to a standardized corporate income tax rate of 25%.

In accordance with the Measures for the Administration of the Accreditation of High-Tech Enterprises, jointly issued by the Ministry of Science and Technology, the Ministry of Finance, and the State Taxation Administration on April 14, 2008, and subsequently revised on January 29, 2016, effective from January 1, 2016, enterprises designated as high-tech may qualify for a preferential corporate income tax rate of 15%, as stipulated by the relevant provisions of the Enterprise Income Tax Law.

As per the Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households, dated March 26, 2023, micro and small-profit enterprises with annual taxable income not exceeding RMB1 million shall have their taxable income calculated at 25%, and be subject to a corporate income tax rate of 20%. In accordance with the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households issued on August 2, 2023, the policy of calculating taxable income for small and micro-profit enterprises at 25% of the amount and paying corporate income tax at a 20% tax rate will be extended until December 31, 2027.

Value-Added Tax

Pursuant to the Interim Regulation of the People's Republic of China on Value Added Tax, promulgated by the State Council and most recently revised and implemented on November 19, 2017, as well as the Detailed Rules for the Implementation of the Interim Regulation of the People's Republic of China on Value Added Tax, issued by the Ministry of Finance and last amended on October 28, 2011, effective November 1, 2011, entities and individuals engaged in the sale of goods, provision of processing, repair, and replacement services, or the importation of goods within the territory of China are recognized as VAT taxpayers and are obligated to remit VAT accordingly. For taxpayers involved in selling or importing goods and providing processing, repair, and replacement services within the territory of China, the standard VAT rate is 17%, except in certain specified circumstances where rates of 11%, 6%, or 0% apply.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates, issued on April 4, 2018, and effective from May 1, 2018, the VAT rates applicable to taxable sales or imported goods previously subject to 17% and 11% were revised to 16% and 10%, respectively.

Further, in accordance with the Announcement of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform, issued on March 20, 2019, effective April 1, 2019, the VAT rate for general taxpayers on taxable sales or imported goods formerly subject to 16% was adjusted to 13%, while the rate previously at 10% was reduced to 9%.

On December 25, 2024, the Standing Committee of the National People's Congress promulgated the Value-Added Tax Law of the People's Republic of China (hereinafter referred to as the VAT Law), which will take effect on January 1, 2026, concurrently repealing the Interim Regulation of the People's Republic of China on Value Added Tax. Under the VAT Law, entities and individuals (including individual industrial and commercial households), engaged in the sale of goods, provision of services, transfer of intangible assets, real estate transactions, or importation of goods within the territory of China, are designated as VAT taxpayers and are required to pay VAT in accordance with the provisions set forth therein. For taxpayers selling goods, providing processing, repair, and replacement services, leasing tangible movable property, or importing goods, the standard VAT rate is established at 13%, except in specified cases where rates of 9%, 6%, or 0% apply.

Tax Incentive Policies for the Integrated Circuit Industry

Pursuant to the Guidelines on Tax Preference Policies for Software and Integrated Circuit Enterprises issued by the State Taxation Administration on May 21, 2022, the integrated circuit (IC) industry is entitled to a range of tax incentives. For example, enterprises engaged in IC design, equipment manufacturing, materials, as well as packaging and testing, which are endorsed by the State, may benefit from periodic exemptions or reductions in corporate income tax. Additionally, key IC design enterprises recognized by the State are eligible for similar periodic corporate income tax exemptions or reductions. Expenses incurred for employee training within IC design enterprises are deductible from taxable income based on actual expenditures.

In accordance with Notice by the State Council of Issuing the Several Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry in the New Era (Guo Fa [2020] No. 8) (hereinafter referred to as the Notice No. 8), along with the Announcement of the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Industry and Information Technology on Enterprise Income Tax Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry, the state-endorsed IC design, equipment, materials, packaging and testing, and software enterprises are exempt from corporate income tax for the first and second years commencing from their first profitable year. From the third to the fifth year, these enterprises are subject to a 50% reduction of the

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

statutory 25% corporate income tax rate. Moreover, key IC design and software enterprises encouraged by the State are granted a corporate income tax exemption for the first through fifth years starting from their initial profitable year, followed by a reduced corporate income tax rate of 10% in subsequent years. The Notice by the National Development and Reform Commission and Other Departments of Relevant Requirements for Effectively Developing the List of Integrated Circuit Enterprises or Projects and Software Enterprises Eligible for Preferential Tax Policies in 2024 further elaborates on the eligibility criteria and project standards for enterprises qualifying for these tax incentives, thereby supplementing the provisions set out in the Notice No. 8.

FOREIGN EXCHANGE MANAGEMENT IN CHINA

The official currency of China is RMB. The State Administration of Foreign Exchange (SAFE), operating under the authorization of the People's Bank of China, is responsible for overseeing all foreign exchange-related matters, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Administration, as revised and effective from August 5, 2008, by the State Council, international payments and transfers are categorized into current account items and capital account items. The government imposes no restrictions on international payments and transfers under the current account. Foreign exchange income derived from current account transactions by Chinese enterprises may be retained or sold to financial institutions authorized to conduct foreign exchange settlement and sales, in accordance with relevant national regulations. The retention or sale of foreign exchange income from capital account transactions requires prior approval from foreign exchange authorities, except where specific state regulations exempt such approval.

In accordance with the Circular of the People's Bank of China on Issuing the Provisions on the Settlement and Sale of and Payment in Foreign Exchange, promulgated on June 20, 1996, and effective July 1, 1996, all remaining restrictions on the convertibility of foreign exchange under current account items have been lifted, while restrictions on capital account foreign exchange transactions remain in effect.

Under relevant Chinese laws and regulations, Chinese enterprises (including foreign-invested enterprises), that requiring foreign exchange for current account transactions may execute payments from foreign exchange accounts at designated foreign exchange banks upon presentation of valid receipts and transaction documentation, without the need for SAFE approval. Foreign-invested enterprises distributing profits to shareholders in foreign exchange, as well as Chinese enterprises obligated to pay fixed dividends in foreign exchange pursuant to regulations, must conduct such payments from their foreign exchange accounts or through designated foreign exchange banks, based on profit distribution resolutions approved by their board of directors.

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

In accordance with the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters, effective October 23, 2014, the requirement for administrative approval by SAFE and its branches concerning the repatriation and foreign exchange settlement of funds raised overseas through overseas listings has been abolished.

As per the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing, issued on December 26, 2014, domestic companies are required to complete overseas listing registration procedures with the local foreign exchange bureau within 15 working days following the completion of the overseas issuance. Funds raised by domestic companies through overseas listings may either be repatriated to China or retained abroad, provided that their utilization aligns with the disclosures contained in the prospectus, bond issuance documents, shareholder circulars, or resolutions of the board of directors or shareholders’ meetings.

In accordance with the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Account, issued on June 9, 2016, domestic institutions may, in accordance with relevant policies and based on actual business requirements, apply to banks for voluntary settlement of foreign exchange income from capital account items (including repatriated funds raised through overseas listings). The provisional voluntary settlement ratio for capital account foreign exchange income by domestic institutions is set at 100%. SAFE reserves the right to adjust this ratio in a timely manner in response to the balance of payments situation.