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. Accordingly, 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 (《中華人民共和國個人所得稅法》), as last amended by the SCNPC on August 31, 2018 and effective from January 1, 2019, and the Implementation Regulations 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》), as last amended by the State Council on December 18, 2018 and effective from January 1, 2019, 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》) issued by the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on September 7, 2015, which took effect on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, 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 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 (《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"), signed on August 21, 2006 and effective on December 8, 2006, the government may impose tax on dividends paid by a company in mainland China to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a company in mainland China and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the company in mainland China. 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 (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書) (the "Fifth Protocol"), promulgated by the State Taxation Administration and effective on December 6, 2019, 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 the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such 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 statutory requirements of PRC tax law documents, such as the Circular of the State Administration of Taxation on Issues Concerning the Implementation of the Dividend Provisions 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》).

In addition, according to the Circular of the State Administration of Taxation on Issues Relating to the Levy and Administration of Individual Income Tax after the Repeal of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), dividends received by non-PRC resident individual holders of H-shares are generally subject to PRC individual income tax at a rate of 10%. The specific tax rate depends on whether the jurisdiction where the holder is a resident has entered into an applicable tax treaty (or arrangement) with Mainland China. If there is no tax treaty between its jurisdiction and China, the dividend withholding tax rate is 20%.

Corporate investor

According to the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法》) ("EIT Law"), which was newly amended by the SCNPC and came into effect on December 29, 2018, and the Implementation Regulation of the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得稅法實施條例》), which was newly amended by the State Council on December 6, 2024, and came into effect on January 20, 2025, a non-resident enterprise is subject to a reduced 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, If a non-resident enterprise either does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but its PRC-sourced income is not effectively connected with that establishment or place of business, the income tax payable by the non-resident enterprise shall be withheld at source. The payer will act as the withholding agent and must withhold the tax from each payment or amount due at the time of payment or when it becomes due. This tax may be reduced or exempted in accordance with an applicable treaty for the avoidance of double taxation.

Pursuant to 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 (《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》), issued by the State Administration of Taxation on November 6, 2008, and came into effect on the same date, a PRC resident enterprise paying dividends for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises shall withhold the enterprise income tax thereon at the uniform rate of 10%. The Reply on the Collection of EIT on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares by State Administration of Taxation (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) issued by the State Administration of Taxation and came into effect on July 24, 2009, further stipulates that PRC resident enterprises with publicly traded and listed stocks (A-shares, B-shares, and overseas stocks) both within and outside the PRC must withhold and remit enterprise income tax at a uniform rate of 10% when distributing dividends to non-resident enterprise shareholders for the year 2008 and subsequent years. Non-resident enterprise shareholders who are entitled to tax treaty benefits shall be treated in accordance with the relevant provisions on the implementation of tax treaties.

According to the Arrangement, the PRC government may impose tax on dividends paid by a company in mainland China to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a company in mainland China and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the company in mainland China. The Fifth Protocol 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 the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such 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 statutory requirements of PRC tax law documents, such as the Circular of the State Administration of Taxation on Issues Concerning the Implementation of the Dividend Provisions 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》).

In accordance with applicable regulations, we intend to withhold tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of our H shares. Non-PRC resident enterprises eligible for a reduced tax rate under an applicable income tax treaty must apply to the PRC tax authorities for a refund of any excess withholding beyond the treaty rate. The issuance of such refunds is subject to verification by the PRC tax authorities.

TAXATION ON PROCEEDS FROM SHARE TRANSFERS

Individual investor

Under the IIT Law and its implementing regulations, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether the income from the transfer of shares in listed companies by individuals will continue to be exempted from personal income tax under the newly revised EIT Law and Implementation Rules of the EIT Law.

The Circular of the Ministry of Finance, the State Administration of Taxation and the CSRC on Issues Concerning the Levying of Individual Income Tax on Gains on the Transfer of Restricted Shares of Listed Companies by Individuals (《財政部、國家稅務總局、證監會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》), issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on December 31, 2009, and came into effect on January 1, 2010, stipulated that income from the transfer of shares of listed companies acquired by individuals in the Shanghai Stock Exchange and the Shenzhen Stock Exchange through the public issue and transfer market of listed companies will continue to be exempted from personal income tax, except for the restricted shares as defined in the Supplementary Circular of the Ministry of Finance, the State Administration of Taxation, and the Securities and Futures Commission on Issues Relating to the Personal Income Tax on Income Derived from the Transfer of Restricted Shares of Listed Companies by Individuals (《財政部、國家稅務總局、證監會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》), which was issued by the aforesaid authorities and came into effect on November 10, 2010. As of the Latest Practicable Date, the aforementioned provisions have not specified whether individual income tax is levied on non-PRC resident individuals for 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.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) issued by the Ministry of Finance, the State Administration of Taxation, and the CSRC on November 5, 2016, which came into effect on December 5, 2016, the income derived from price differences on share transfers and dividends from investments in the shares listed on the Hong Kong Stock Exchange made by the Mainland enterprise investors through the Shenzhen-Hong Kong Stock Connect shall be included in their gross income and subject to enterprise income tax in accordance with the law. Among them, dividend and bonus income derived from H-shares held continuously for 12 months by mainland resident enterprises is exempt from enterprise income tax in accordance with the law. H-share companies do not withhold dividend and bonus income tax for mainland enterprise investors; the tax payable must be declared and paid by the enterprises themselves. From December 5, 2016 to December 4, 2019, individual income tax will be temporarily exempted on capital gains earned by mainland individual investors from the difference in transfer prices for investing in stocks listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect program. For dividends and bonuses received by Mainland individual investors from investing in H-shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect, the H-share company must submit an application to China Securities Depository & Clearing Corporation Limited (the "CSDCC"). The CSDCC will then provide the H-share company with a register of Mainland individual investors, and the H-share company will withhold individual income tax at a rate of 20%.

In accordance with the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Inter-connected Mechanisms for Trading on the Shanghai and Hong Kong Stock Markets and for Trading on the Shenzhen and Hong Kong Stock Markets and on the Mutual Recognition of Funds between the Mainland and Hong Kong (《關於繼續執行滬港、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》), issued by the Ministry of Finance, the State Taxation Administration, and the CSRC on December 4, 2019, and effective from December 5, 2019, as well as the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《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》), issued and effective on August 21, 2023, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax from December 5, 2019 to 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》), which was promulgated by the SCNPC on June 10, 2021, and came into effect on July 1, 2022, 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

According to the EIT Law, within the territory of the PRC, the enterprises and other organizations that have incomes are taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with this law. Enterprises are classified into resident and non-resident enterprises. An enterprise established in the PRC or established outside of the PRC but having its actual management body in the PRC is a resident enterprise for PRC enterprise income tax purpose and shall pay enterprise income tax at the rate of 25% on its income derived from within and outside the PRC. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax at the rate of 20% on its income derived from within the PRC. Meanwhile, any gains realized on the transfer of shares by non-resident enterprises are subject to enterprise income tax by way of withholding if such gains are regarded as income derived from the transfer of property within the PRC.

VAT

On 25 December 2024, the SCNPC issued the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), or the VAT Law, which became effective from 1 January 2026. According to the VAT Law, any entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with the VAT Law. Except for taxpayers' export of goods, the sale of services or intangible assets within the scope as prescribed by the State Council by domestic entities and individuals across national borders and other circumstances specified for by the State Council, the rate of VAT for sale of goods, labor services of processing, repair or replacement, or tangible movable property leasing services or import of goods is 13% unless otherwise specified, such as the rate of VAT for sale of agricultural products is 9%, and the rate of VAT for sale of transportation, postal, basic telecommunications, construction, or immovable leasing services, sale of immovables, or transfer of the rights to use land is 9%. In addition to the above circumstances, the rate of VAT for sale of services or intangible assets is 6%.

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 (《中華人民共和國外匯管理條例》) promulgated by the State Council on December 18, 1980, which took effect on March 1, 1981, and was last amended on August 5, 2008, 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》) promulgated by the PBOC on June 20, 1996, which came into effect on July 1, 1996, 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》) promulgated and implemented by the State Council on October 23, 2014, 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 Notice on Matters Concerning the Administration of Funds Raised by Domestic Enterprises from Overseas Listings (《關於境內企業境外上市資金管理有關問題的通知》) promulgated by the PBOC and the SAFE on December 24, 2025, and became effective on April 1, 2026, funds raised by domestic enterprises from overseas listings shall, in principle, be repatriated to the PRC in a timely manner. Where such funds are retained outside the PRC for the purpose of conducting overseas direct investment, overseas securities investment, overseas lending, or other similar business activities, the enterprise shall obtain approval or filing documentation from the competent business authority prior to the completion of the overseas listing issuance or the full exercise of the over-allotment option, and shall comply with the relevant cross-border fund administration regulations.

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》) issued by the SAFE on February 13, 2015, and came into effect on June 1, 2015, 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》) issued and implemented by the State Administration of Foreign Exchange on June 9, 2016, 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》) issued and implemented by the People's Bank of China on January 4, 2018, 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》) promulgated by the State Administration of Foreign Exchange on April 10, 2020 and implemented on June 1, 2020, 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》) issued by the State Administration of Foreign Exchange and came into effect on December 4, 2023, 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.