
APPENDIX III

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TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected 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 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 investment in the H Shares. The discussion is based upon laws and relevant interpretations in effect as at the Latest Practicable Date, all of which are subject to change and adjustment and may have retrospective effect.

The discussion does not address any aspects of the PRC taxation other than income tax, capital gains tax and profits tax, value-add tax (VAT), stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding the PRC and other tax consequences of owning and disposing of the H Shares.

Taxation In mainland China

Taxation on dividends

Individual investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (“**Individual Income Tax Law**”, or the “**IIT Law**”), which was most recently amended by the NPCSC on August 31, 2018 and became effective on January 1, 2019, and the Implementation Regulations of Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended by the State Council on December 18, 2018 and became effective on January 1, 2019, dividends distributed by PRC enterprises to individual investors are subject to individual income tax levied at the flat rate of 20%. Meanwhile, pursuant to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance (the “**MOF**”), the State Taxation Administration (the “**SAT**”) and the China Securities Regulatory Commission (the “**CSRC**”) on September 7, 2015, where an individual acquires the stocks of a listed company from public offering or from the stock market and holds the stocks for more than one year, the income from dividends and bonuses shall be temporarily exempt from individual income tax. If the individual holds the stocks for not more than one month, the income from dividends and bonuses shall be included in the taxable income in full amount. If the individual holds the stocks for more than one month but not more than one year, the income from dividends and bonuses shall be temporarily included in the taxable income at the reduced rate of 50%. Individual income tax on the aforesaid income shall be calculated and collected at the 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 for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**”), executed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company 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 equity interest in a PRC company 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 PRC 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 (《關於〈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》)

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(the “**Fifth Protocol**”) issued by the SAT and became effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》)(the “**EIT Law**”), which was most recently amended by the SCNPC and became effective on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the “**Implementation Regulations of the EIT Law**”), which was most recently amended by the State Council and became effective on April 23, 2019, a non-resident enterprise is generally subject to a lower enterprise income tax rate at 10% of its PRC-sourced income, including dividends distributed by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, where the payer of the income shall have the obligation to withhold the income tax from the amount payable. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice 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 (《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 SAT and became effective on November 6, 2008, a PRC resident enterprise must withhold enterprise income tax at a uniform rate of 10% on the dividends distributed to non-resident enterprise holders of overseas listed H Shares when distributing dividends from the year of 2008 and years thereafter. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) issued by the SAT on July 24, 2009 further provided that a PRC resident enterprise with its shares publicly issued and listed on stock exchanges within or outside PRC (A Shares, B Shares and overseas shares) shall withhold enterprise income tax at a uniform rate of 10% when distributing dividends to non-resident enterprises for the years of 2008 and years thereafter. Such tax rate may be further adjusted in accordance with tax treaties or agreements (if applicable) entered into between the PRC and the relevant jurisdiction.

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by a PRC company 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 equity interest in a PRC company 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 PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits. The application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協議股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in countries that have entered into agreements for the avoidance of double taxation with PRC or residing in Hong Kong or Macau Special Administrative Region are entitled to preferential tax rates on dividends received by such investors from the PRC companies. The PRC has entered into arrangements for the avoidance of double taxation with Hong Kong and Macau Special Administrative Region, respectively, and has entered into treaties for the avoidance of double taxation with certain other countries, including but not limited to Australia,

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Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. A non-resident enterprise entitled to a preferential tax rate under a relevant income tax treaty or arrangement may apply to the PRC tax authorities for a refund of the difference between the amount of tax withheld and the amount of tax calculated according to the agreement rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on Income from Share Transfer

Individual Investors

Pursuant to the IIT Law and its Implementation 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 Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the SAT and became effective on March 30, 1998, from January 1, 1997, income of individuals derived from transfer of the shares of listed companies continues to be exempted from individual income tax. According to the Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the 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》) jointly promulgated by the MOF, the SAT and the CSRC on December 31, 2009 and became effective on January 1, 2010, individuals' income from the transfer of shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, with the exception of the relevant restricted shares as defined in the Supplementary Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the 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》) jointly issued by the above-mentioned authorities on November 10, 2010. As of the Latest Practicable Date, the above provisions did not expressly provide for the imposition of individual income tax on the transfer of shares of PRC resident enterprises listed on overseas stock exchanges by non-resident individuals.

Enterprise Investors

Pursuant to the EIT Law and its Implementation Regulations, a non-resident enterprise is generally subject to an enterprise income tax rate at 10% on the portion of its PRC-sourced income, including on gains realized on the sale of equity interests in PRC resident enterprises, if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, where the payer of the income shall have the obligation to withhold the income tax from the amount payable. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Shenzhen-Hong Kong Stock Connect Tax Policies

Pursuant to the Announcement on the Relevant Individual Income Tax Policies for Continuing the Implementation of Stock Connect Mechanisms in Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Markets and the 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》), promulgated by the MOF, the SAT and the CSRC on November 5, 2016, 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 companies of H shares shall make an application to the China Securities Depository and Clearing Corporation (“CSDC”) to obtain the register of individual mainland investors and withhold individual income tax at the tax rate of 20%.

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Pursuant to the Announcement on Continuing 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》) promulgated by the MOF, the SAT and the CSRC on December 4, 2019 and became effective on December 5, 2019, and the Announcement on Extension of the Individual Income Tax Policy With Respect to Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Exchange Connectivity Mechanisms as well as Mutual Recognition of Funds between the Chinese 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》) which was promulgated and implemented on August 21, 2023, the income of mainland individual investors derived from the price differences on transfer of shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect may be temporarily exempt from individual income tax from December 5, 2019 to December 31, 2027.

Pursuant to the Notice Regarding the Relevant Tax Policies for the Pilot Program of the Shenzhen-Hong Kong Stock Connect, the income of mainland enterprise investors derived from the price differences on transfer of shares listed on the Hong Kong Stock Exchange, as well as the income of dividends and bonuses received from such investment through the Shenzhen-Hong Kong Stock Connect will be included in their total revenue and subject to enterprise income tax in accordance with the law. However, if the mainland resident enterprise receives the income of dividends and bonuses after holding the H Shares continuously for at least 12 months, the relevant income tax shall be exempted in accordance with the law. Regarding the aforesaid income derived from dividends and bonuses, the companies of H shares will not withhold income tax, the mainland enterprise investors shall report and pay the income tax by themselves.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was issued by the NPCSC on June 10, 2021 and implemented on July 1, 2022, the stamp duty applies to entities and individuals who execute taxable documents or engage in securities transactions within the PRC, or execute taxable documents outside the PRC for use within PRC. Therefore, the provisions of the Stamp Duty Law are not applicable to the disposal of H Shares by overseas investors outside the mainland China.

Estate Duty

As of the Latest Practicable Date, no estate duty has been imposed under the PRC laws.

PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

Pursuant to the EIT Law and its implementing regulations, the enterprise income tax rate is 25%. Enterprises are classified into resident and non-resident enterprises. The resident enterprises shall pay enterprise income tax for the income derived from inside and outside the PRC. A non-resident enterprise having establishments or premises inside the PRC shall pay enterprise income tax on its incomes derived from the PRC as well as on incomes derived from outside the PRC but which have real connection with the said establishments or premises. Enterprises qualified as “High and New Technology Enterprises” are entitled to a reduced enterprise income tax rate of 15%.

Pursuant to the Announcement on Enterprise Income Tax Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry (《關於促進積體電路產業和軟體產業高品質發展企業所得稅政策的公告》), which was jointly issued by the MOF, the SAT, the NDRC and the MIIT and became effective on January 1, 2020, key integrated circuit design enterprises and software enterprises encouraged by the state shall be exempt from enterprise income tax from the first to the fifth year starting from the year in which they begin to make profits, and shall pay enterprise income tax at a reduced rate of 10% in the subsequent years.

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Value-add Tax

Pursuant to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which was promulgated on December 25, 2024 and became effective on January 1, 2026, and the Implementation Regulations of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993, latest amended on October 28, 2011 and became effective on November 1, 2011, entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and importation of goods within the PRC are subject to the payment of value-added tax. Taxpayers that sell goods, provide processing, repair and replacement services, tangible movables leasing services or import goods are subject to a tax rate of 13% unless otherwise specified in the aforesaid regulations.

In accordance with Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which became effective on May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and became effective from April 1, 2019, the VAT of 16% applicable to the VAT taxable sale or import of goods by a general VAT taxpayer shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is Renminbi. The State Administration of Foreign Exchange (“SAFE”) is responsible for the administration of all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), which was most recently amended by the State Council and became effective on August 5, 2008, subject to compliance with certain procedural rules, payment for current account items with foreign exchange are not required to obtain prior approval from SAFE. On the contrary, conversion of Renminbi under capital account items into foreign currencies and remittance outward from the PRC are required to obtain approval or registration by the competent administrative authority.

According to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People’s Bank of China (“PBOC”) on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on foreign exchange convertibility under current account items are abolished, but the existing restrictions on foreign exchange transactions under capital account items are retained.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current account item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay fixed dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors on the distribution of profits, effect payment from their foreign exchange accounts or effect exchange and payment at the designated foreign exchange bank.

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According to the Decisions of the State Council on the Matters of Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council on October 23, 2014, the administrative approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing into RMB domestic accounts have been cancelled.

Pursuant to the Notice by the PBOC and the SAFE of Issues Concerning the Administration of Funds Related to Overseas Listings of Domestic Enterprises (《中國人民銀行、國家外匯管理局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 SAFE on December 24, 2025 and became effective on April 1, 2026, a domestic company shall, within 30 working days from the first trading day of the overseas listing or from the completion of the over-allotment, register the overseas listing with a bank within the provincial area or city under separate state planning where it is registered. The proceeds raised from an overseas listing shall be repatriated to the domestic account. The relevant approval or filing documents from the competent authorities shall be obtained prior to the conclusion of the overseas listing or the completion of the over-allotment if the proceeds will be retained overseas for overseas direct investment, overseas securities investment, or overseas lending.

On February 13, 2015, the SAFE issued the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which came into effect on June 1, 2015. The Notice cancels the foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, and requires the banks to review and carry out foreign exchange registration directly. SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《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》) promulgated by the SAFE on June 9, 2016, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) may be settled with banks according to the actual need of the domestic institutions for business operation. The tentative percentage of discretionary settlement is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.