TAXATION OF SECURITY

The taxation of income and capital gains for holders of H Shares is subject to the laws and practices of the PRC and the jurisdictions in which the holders are tax residents or otherwise subject to taxation. The following summary outlines certain relevant tax provisions based on current PRC laws and practices. However, these are subject to change and do not constitute legal or tax advice. This discussion does not cover all potential tax consequences of holding H Shares, nor does it account for individual circumstances, which may be subject to special regulations. Accordingly, investors should consult their own tax advisors regarding the tax implications of holding H Shares. The information provided is based on laws and interpretations in effect as of the Latest Practicable Date and may be subject to change, including potential retrospective adjustments.

The PRC Taxation

A. *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》) (the "**IIT Law**"), last amended on August 31, 2018, and effective from January 1, 2019, and the Implementation Provisions 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》), last amended on December 18, 2018 and effective from January 1, 2019, dividends distributed by PRC enterprises are subject to PRC Individual Income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a PRC enterprise is normally subject to withholding tax of 20% unless such tax is specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty.

Meanwhile, according 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》) (Cai Shui [2015] No. 101) issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission (the "**CSRC**") on September 7, 2015 and coming into effect on September 8, 2015, where an individual acquires shares of a listed company through a public offering or trading on the stock exchange where the company is listed and holds such shares for more than one year, the dividend and bonus income shall be temporarily exempt from individual income tax. However, if the holding period is one month or less, the full amount of the dividend shall be subject to individual income tax. If the holding period is between one month and one year (inclusive), 50% of the dividend income shall be subject to individual income tax. In each applicable case, a uniform rate of 20% shall apply.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed on August 21, 2006, the PRC Government may impose tax on dividends paid by a PRC company to Hong Kong residents at a rate not exceeding 10%. However, if a Hong Kong resident directly holds 25% or more of the equity interest in the PRC company, the tax rate shall not exceed 5%.

According to the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》) promulgated by the State Taxation Administration ([2019] No. 35) and coming into effect as of January 1, 2020, non-resident taxpayers with tax payment obligations in the PRC may, if they need to enjoy treaty benefits, claim such benefits either when filing tax returns or through withholding declarations via tax withholding agents. This is done through a mechanism of "self-assessment of eligibility, declaration of entitlement, and retention of supporting documents for future inspection by the tax authorities."

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**") enacted by the National People's Congress ("**NPC**") on March 16, 2007 and effective from January 1, 2008, as last amended on December 29, 2018, and the Implementation Regulations 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》) promulgated by the State Council on December 6, 2007, and effective from January 1, 2008, latest amended on December 6, 2024, a non-resident enterprise shall be subject to a 10% withholding enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise whose shares are issued and listed in Hong Kong, if such non-resident enterprise does not have an institution or establishment in the PRC, or where such income is not effectively connected with that institution or establishment. Such withholding tax may, where applicable, be reduced or exempted under an applicable tax treaty for the avoidance of double taxation. The tax shall be withheld at source, and the payer of the dividends is required to withhold the income tax from the amount payable to the non-resident enterprise at the time when such dividends are paid or become due.

The Circular on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the State Taxation Administration (the "**STA**") on November 6, 2008, further clarifies that PRC resident enterprises shall withhold corporate income tax at a rate of 10% on dividends distributed from 2008 onwards to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Corporate Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B 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》) (Guo Shui Han [2009] No. 394), which was issued by the STA and implemented on July 24, 2009, further provides that any PRC resident enterprise listed on an overseas stock exchange shall withhold and remit corporate income tax at a rate of 10% on dividends distributed from 2008 onwards to non-resident enterprises. The applicable withholding tax rates may be reduced or exempted under a tax treaty or agreement entered into by China with the relevant jurisdictions, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in the PRC company, the tax shall not exceed 5% of the total dividends payable.

According to the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》) promulgated by the State Taxation Administration and coming into effect as of January 1, 2020, the non-resident taxpayers with tax payment obligations within the territory of the PRC may, if they intend to enjoy treaty benefits, claim such benefits either when filing tax declarations or when making withholding declarations through tax withholding agents. This is done under the principle of "self-assessment of eligibility, declaration of entitlement, and retention of relevant materials for future inspection by the tax authorities."

Tax Treaties

Non-resident investors residing in countries or regions that have entered into tax treaties with the PRC for the avoidance of double taxation are generally entitled to reduced withholding tax rates on dividends received from PRC companies. The PRC has entered into such agreements with numerous jurisdictions, including but not limited to Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. According to the Law of the People's Republic of China on the Administration of Tax Collection, in the event of any discrepancy between the provisions of an applicable tax treaty or agreement and the provisions of domestic tax legislation, the treaty or agreement shall prevail.

If a non-resident taxpayer entitled to preferential tax rates under an applicable treaty or arrangement does not enjoy such benefits at the time of withholding, the taxpayer may apply to the PRC tax authorities for a refund of the excess withholding tax paid above the applicable treaty rate. Such a refund is subject to verification and approval by the PRC tax authorities.

B. Taxation on Share Transfer

Value-Added Tax

Pursuant to the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (《關於全面推開營業税改徵增值税試點的通知》) (Cai Shui [2016] No. 36) ("**Circular 36**"), which became effective on May 1, 2016, individuals and entities that provide services within the territory of the PRC are subject to Value-Added Tax ("**VAT**"). According to Circular 36 and its appendices, the "provision of services" includes the transfer of financial products, including marketable securities. A service shall be deemed to be provided "within the PRC" if either the service provider or the service recipient is located in the PRC, unless otherwise stipulated by Circular 36 or other regulations issued by the Ministry of Finance and the State Administration of Taxation.

The transfer of marketable securities is generally subject to VAT at a rate of 6% on the taxable income. However, individuals are exempt from VAT on the transfer of financial products. For VAT purposes, "taxable income" refers to the net sales proceeds, calculated as the sales price less the original purchase price. This VAT regime applies to both general VAT taxpayers and foreign VAT taxpayers.

Pursuant to the foregoing regulations, non-resident individuals transferring H shares are exempt from VAT in the PRC. Non-resident enterprises may also be exempt from VAT if the purchasers of the H shares are individuals or entities located outside the PRC. Conversely, such non-resident enterprise holders may be subject to VAT in the PRC if the purchasers are individuals or entities situated within the PRC.

Income Taxes

Individual Investors

Under the IIT Law, gains derived from the transfer of equity interests in PRC resident enterprises are generally subject to individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance ("**MOF**") and the STA on continuing the exemption policy of Individual Income Tax over Income of Individuals Arising from Transfer of Shares (《財政部、國家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61), jointly issued by the MOF and STA on March 30, 1998, gains from the transfer of shares of listed companies by individuals have been subject to a temporary exemption from individual income tax since January 1, 1997.

On December 31, 2009, the MOF, the STA, and the CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Restriction (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) (Cai Shui [2009] No. 167). This circular provides that income derived by individuals from the transfer of listed shares acquired through public offerings and trading on the Shanghai or Shenzhen Stock Exchange shall continue to be exempt from individual income tax. However, for listed shares subject to trading restrictions, individual income tax at a rate of 20% shall apply. As of the Latest Practicable Date, there are no provisions expressly providing that individual income tax shall be imposed on non-resident individuals for the transfer of shares in a PRC resident enterprise listed on an overseas stock exchange.

In accordance with the Enterprise Income Tax Law of the PRC and its Implementation Regulations, non-resident enterprises are generally subject to a 10% enterprise income tax on income derived from sources within the PRC, including gains realized from the disposal of equity interests in a PRC resident enterprise. This tax liability arises only if the non-resident enterprise does not maintain an establishment or place of business in the PRC, or where such income is not effectively connected with the business activities of any such establishment. The enterprise income tax is withheld at source, with the entity making the payment acting as the withholding agent. The withholding agent is required to withhold the tax from the amount paid or payable to the non-resident enterprise at the time of payment or when the payment becomes due. This tax liability may be reduced or exempted pursuant to an applicable tax treaty or arrangement for the avoidance of double taxation concluded between the PRC and the relevant jurisdiction.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), as issued by the Standing Committee of the NPC on June 10, 2021 and came into effect on July 1, 2022, Units and individuals who establish taxable instruments or conduct securities transactions within the territory of the PRC, or units and individuals who establish taxable instruments or conduct securities transactions outside the territory of the PRC but use taxable instruments within the territory of the PRC shall pay stamp duty.

Estate Duty

As of the last practicable date, there is presently no imposition of estate duty in the PRC.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi ("**RMB**"), which is currently subject to foreign exchange controls and is not freely convertible into foreign currencies. The State Administration of Foreign Exchange (the "**SAFE**"), under the authorization of the People's Bank of China (the "**PBOC**"), is responsible for administering all matters relating to foreign exchange, including the enforcement of applicable foreign exchange control regulations.

On January 29, 1996, the State Council promulgated the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (the "**Regulations on Foreign Exchange Administration**"), which came into effect on April 1, 1996. These regulations classify all international payments and transfers into current account items and capital account items. Most current account items are no longer subject to prior approval by SAFE, whereas capital account items remain subject to such approval. Pursuant to the most recent amendment to the Regulations on Foreign Exchange Administration, which took effect on August 5, 2008, there are no longer any restrictions on international payments and transfers under current account items.

On June 20, 1996, PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "**Settlement Regulations**"), which became effective on July 1, 1996. The Settlement Regulations abolished all remaining restrictions on the convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Reforming the RMB Exchange Rate Regime issued by the PBOC (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》) (PBOC Announcement [2005] No. 16) and came into effect on July 21, 2005, the PRC will reform the exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. Therefore, the RMB exchange rate was no longer pegged to the

U.S. dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the RMB in the interbank foreign exchange market after the closing of the market on each working day, and will make it the central parity for the trading against the RMB on the following working day.

Starting from January 4, 2006, the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market to enhance the formation mechanism of the central parity rate for the RMB. The matching system for foreign exchange transactions was retained alongside this change. Additionally, the PBOC introduced the market-maker mechanism to provide liquidity to the foreign exchange market. On 1 July 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD on that day using the weighted average of the remaining market makers offered quotations after excluding the highest and lowest quotations, and announce the central parity of the RMB against currencies such as the USD at 9:15 a.m. on each working day. On 11 August 2015, the PBOC announced to improve the central parity quotations of RMB against the USD by authorizing market makers to provide central parity quotations to the China Foreign Exchange Trading System before the interbank foreign exchange market opens every day with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

On August 5, 2008, the State Council promulgated the amended Regulations on Foreign Exchange Administration (the "**Amended Regulations on Foreign Exchange**"), which introduced significant changes to the foreign exchange supervisory system in the PRC. First, the Amended Regulations on Foreign Exchange adopted a more balanced approach to the inflow and outflow of foreign capital. Foreign currency income earned overseas may be either remitted into the PRC or retained overseas. However, foreign currencies under capital account items, as well as funds converted into foreign currencies for settlement, may only be used for purposes approved by the relevant competent authorities and the foreign exchange administration authorities. Second, the Amended Regulations improved the RMB exchange rate formation mechanism, aligning it more closely with market supply and demand. Third, the regulations strengthened the monitoring of cross-border capital flows in foreign currencies. In the event of a significant imbalance in cross-border income and expenditure or a severe actual or potential crisis in the domestic economy, the state is empowered to implement protective or control measures to safeguard the international balance of payments. Fourth, the Amended Regulations enhanced the regulation and administration of foreign currency trading and granted broad authority to the SAFE to strengthen its supervisory and administrative capabilities.

Pursuant to relevant PRC laws and regulations, PRC enterprises (including foreign-invested enterprises) that require foreign exchange for current account transactions may, without prior approval from the foreign exchange authorities, make payments directly from their foreign exchange accounts maintained with designated foreign exchange banks, provided that valid transaction documents or proof are presented. Foreign-invested enterprises that need foreign exchange for the distribution of profits to their shareholders, and PRC enterprises (such as our Company) that are required under applicable regulations to pay dividends to shareholders in foreign exchange, may do so based on resolutions of their board of directors or shareholders' meeting. These enterprises may either make payments directly from their foreign exchange accounts or convert and remit funds through designated foreign exchange banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including 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》) (Guo Fa [2014] No. 50), which decided to cancel the approval requirement from the SAFE and its branches for the remittance and settlement of proceeds raised from the overseas listing of foreign shares into domestic RMB accounts.

On December 26, 2014, the SAFE promulgated and implemented the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), which requires that a domestic company register its overseas listing with the local branch of SAFE within 15 business days after the completion of its overseas issuance and listing. The proceeds from such listing may be remitted into the PRC or retained overseas, but their usage must align with the purposes stated in the registration and other disclosure documents.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and effective from June 1, 2015, the administrative approvals for foreign exchange registration under domestic and overseas direct investments were canceled. Such registrations are now handled directly by qualified banks, while the SAFE and its branches conduct indirect supervision through banks' handling of relevant foreign exchange businesses.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement under Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) which came into effect on June 9, 2016, permits the settlement of capital account foreign exchange receipts (including proceeds from overseas listings) at banks based on the actual operational needs of domestic institutions. The discretionary settlement ratio for such receipts was temporarily set at 100%. The SAFE may adjust this ratio as needed, depending on the international balance of payments.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (Hui Fa [2020] No. 8) which took effect on April 10, 2020, the reform of facilitating the use of capital account income was expanded nationwide. Provided that the use of funds is truthful and compliant with the prevailing regulations governing capital account income, qualified enterprises may use such income (e.g., capital funds, foreign debt, and overseas listing proceeds) for domestic payments without the need to submit supporting documents verifying the authenticity of each transaction to the bank in advance.