
APPENDIX III

TAXATION AND FOREIGN EXCHANGE

HONG KONG TAXATION

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the [REDACTED] of H Shares. However, trading gains from the [REDACTED] of H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from [REDACTED] of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from [REDACTED] of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Taxes for Securities Holders

The income tax and the capital gains tax for holders of H Shares shall be subject to the laws and practices of PRC and the jurisdictions in which the holders of H Shares are residents or subject to taxes for other reasons. The following summary of relevant tax provisions is based on current laws and practices, and does not take into account anticipated changes in or amendments to the relevant laws and policies or constitute any opinions or suggestions. The discussion does not address all of the possible tax consequences associated with H Shares, nor does it take into account the particular circumstances of any individual [REDACTED], some of which may be subject to special rules. Accordingly, you should consult your own tax adviser as to the tax implications of the H Shares. The discussion is based on the laws and the relevant interpretations in force as of the Latest Practicable Date. All the laws and relevant interpretations are subject to changes and may have retrospective effect.

The discussion does not address any PRC tax issues other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective [REDACTED] should consult their tax advisors regarding the Chinese and other tax implications of holding and disposing of H-shares.