TAX ON SECURITIES HOLDERS

The income tax and the tax on capital gains for holders of H Shares shall be subject to the laws and practices of China and the jurisdictions in which the holders of H Shares are located or subject to tax. The following summary of certain relevant tax provisions is based on current laws and practices, and does not take into account anticipated changes in or amendments to relevant laws and policies or constitute any opinions or suggestions. The discussion does not address all of the possible tax consequences associated with the investment in H Shares, nor does it consider the specific circumstances of any particular investor, which in some cases may be subject to special regulations. Therefore, you should consult your own tax adviser as to the tax consequences of investing in H Shares. The discussion is based on the laws and relevant interpretations in force as of the Latest Practicable Date, which are subject to change and may have a retroactive effect.

Apart from the income tax, tax on capital gains and profit tax, business tax/value added tax, stamp duty and estate duty, no tax issues in China or Hong Kong are mentioned in the discussion. Prospective investors are advised to consult their financial advisers regarding the Chinese mainland, Hong Kong and other tax consequences of owning and disposing of H Shares.

CHINESE TAX

Dividend-related tax

Individual investor

According to the provisions of the latest Individual Income Tax Law of the People's Republic of China revised on August 31, 2018 and the latest Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (the "**Individual Income Tax Law**") revised on December 18, 2018, dividends distributed by Chinese enterprises shall be subject to a uniform individual income tax rate of 20%. For foreign individuals who are not Chinese residents, dividends received from Chinese enterprises are generally subject to a tax rate of 20%, unless specifically exempted by the tax authorities of the State Council or reduced under an applicable tax treaty. According to the Circular on Issues Concerning Differentiated Individual Income Tax Policies on Dividends from 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》) promulgated on September 7, 2015, the specific tax treatment applies to dividends and bonuses obtained from listed companies. According to the Circular, individuals who purchase shares of listed companies through public offerings or on the stock market shall be subject to tax rates depending on their holding period. If the holding period exceeds one year, the income from dividends and bonuses shall be exempted from the individual income tax. If the holding period is one month or less, the total income from dividends and bonuses shall be included in the taxable income. For a holding period of one month to one year, 50% of the income from dividends and bonuses shall be temporarily included in the taxable income. The individual income tax rate of this portion of income is uniform at 20%. According 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》) signed on August 21, 2006, the Chinese government shall have the right to impose a tax on dividends payable by a Chinese company to a Hong Kong resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company and satisfies certain conditions for being the beneficial owner of the equity interest, the tax levied shall not exceed 5% of the total dividends payable by the Chinese company.

The Fifth Protocol (《第五議定書》), which entered into force on December 6, 2019, introduces specific criteria for determining the entitlement to agreed treatment. Under the Fifth Protocol, agreed treatment shall not be granted if it is reasonably determined, after weighing all relevant facts and conditions, that obtaining such benefit is the main purpose of arrangements or transactions so as to provide direct or indirect benefits under the Arrangement, except where the treatment is consistent with the relevant object and purpose of the arrangements.

In addition, the dividend provisions of the tax agreements shall be applied in accordance with Chinese tax laws and regulations, including the guidelines set out in the Circular of the State Administration of Taxation on Issues related to the Implementation of Dividend Provisions of Tax Agreements (《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》) (Guo Shui Han [2009] No. 81). Compliance with these regulations is essential for determining the tax applicable to dividends under the Arrangement.

Corporate investor

The Enterprise Income Tax Law of the People's Republic of China was promulgated by the National People's Congress on March 16, 2007 and last revised on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) (together with the Enterprise Income Tax Law of the People's Republic of China, collectively referred to as the "**Enterprise Income Tax Law**") was promulgated by the State Council on December 6, 2007, which came into effect on January 1, 2008 and was revised on April 23, 2019. According to the Enterprise Income Tax Law, if a non-resident enterprise does not have an institution or place in China, or has an institution or place in China but its income derived from China is not actually related to the above-mentioned Chinese institution or place, it is generally required to pay a 10% enterprise income tax on its income derived from China (including received from a Chinese resident enterprise). The enterprise income tax payable by a non-resident enterprise shall be withheld at source, and the payer of the income shall withhold the income tax from the amount to be paid to the non-resident enterprise. The tax withheld may be reduced or exempted under applicable treaties for the avoidance of double taxation.

As further clarified in the Circular of the State Administration of Taxation on Issues Relating to the Withholding and Payment of the Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas Non-Resident Enterprise Shareholders of H Shares (《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 and implemented by the State Administration of Taxation (the "SAT") on November 6, 2008, Chinese resident enterprises shall withhold and pay the enterprise income tax at a uniform rate of 10% on behalf of the overseas non-resident enterprise holders of H shares in distributing dividends for 2008 and subsequent years. Shareholders of non-Chinese resident enterprises who need to enjoy the treatment under the tax agreements shall be governed by the relevant provisions of the tax agreements.

According 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, the Chinese government may impose a tax on dividends payable by a Chinese company to a Hong Kong resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, the tax levied shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol provides that these provisions do not apply to arrangements or transactions whose main purpose is to obtain such tax benefits.

Notwithstanding other provisions of 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, if the benefits are reasonably considered to be one of the main purposes of the arrangements or transactions (a direct or indirect benefit under the Arrangement), taking into account all the relevant facts and conditions, the standard treaty benefits shall not be granted unless the granting hereof in such a case would be consistent with the relevant aims and objectives under the Arrangement. The dividend provisions of the tax agreements shall be implemented in accordance with the Circular of the State Administration of Taxation on Issues related to the Implementation of Dividend Provisions of Tax Agreements and other Chinese tax laws and regulations.

Tax treaty

Non-resident investors living in jurisdictions that have entered into treaties with China on the avoidance of double taxation or made relevant adjustments shall be entitled to the relief from the enterprise income tax on dividends received from Chinese companies. China has treaties or arrangements on the avoidance of double taxation with a number of countries and regions, including the Hong Kong Special Administrative Region, the Macao Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. Non-Chinese resident enterprises entitled to preferential tax rates under the relevant tax treaties or arrangements shall apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed rate, and the refund application shall be approved by the Chinese tax authorities.

Share transfer tax

Value added tax and local surtax

According to the guideline set out in the Circular on Comprehensive Launch of Pilot Replacement of Business Tax with Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) ("**Circular No. 36**"), which has been effective since May 1, 2016, and was subsequently revised on July 11, 2017 and March 20, 2019, individuals and entities trading services in China shall be subject to the value-added tax ("VAT"). "Sale of services in China" is defined as transactions conducted by service providers or recipients in China. In addition, Circular No. 36 provides that transfers of financial products (including transfers of ownership of marketable securities) shall be subject to a VAT rate of 6% on the taxable income. In this case, the taxable income refers to the balance of the sales price after deducting the purchase price. This VAT obligation applies to ordinary and foreign VAT payers. It is worth noting that individuals are exempted from VAT obligations when engaging in the transfer of financial products. According to the above provisions, non-resident individuals who sell or dispose of H shares shall be exempt from the VAT in China. However, if the holder is a non-resident enterprise, it shall be exempt from the VAT in China only if the buyer of the H shares is an individual or entity located outside China. Conversely, if the buyer of the H shares is an individual or entity located in China, the holder may have to pay the VAT in China.

Income tax

Individual investor

Under the Individual Income Tax Law, gains from the transfer of equity interests in Chinese resident enterprises shall be subject to a 20% individual income tax.

According to the Circular on Continued Temporary Exemption of Individual Income Tax on Income from Transfer of Stocks (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the Ministry of Finance and the SAT on March 30, 1998, individuals shall continue to be temporarily exempted from the individual income tax on the income from the transfer of shares in listed enterprises from January 1, 1997. In the newly revised Individual Income Tax Law, the NPC Standing Committee has not explicitly stated whether they would continue to temporarily exempt individuals from the individual income tax on the income from the transfer of shares in listed enterprises.

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 came into effect on the same date, individuals shall continue to be exempted from the individual income tax on the income from the transfer of listed shares acquired from the public offering of listed companies and the transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, 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》), which was jointly promulgated and enforced 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 Chinese resident enterprises listed on overseas stock exchanges by non-Chinese resident individuals.

Corporate investor

According to the Enterprise Income Tax Law, non-resident enterprises usually shall pay a 10% enterprise income tax on its income derived from sources in China, including gains realized from the sale of equity interests in Chinese resident enterprises. However, this tax only applies to cases where the non-resident enterprises have no institutions or establishments within the territory of China, or which, despite such institutions or establishments, have obtained incomes unrelated to such institutions or establishments.

The income tax payable by a non-resident enterprise shall be withheld at source, and the payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid to the non-resident enterprise on each payment or due payment. Notably, the tax liability may be diminished to avoid double taxation under an applicable tax treaty or agreement.

Stamp duty

According to the Stamp Tax Law of the People's Republic of China, which was promulgated on June 10, 2021 and became effective on July 1, 2022, the Chinese stamp duty only applies to specific taxable documents entered into or received in China, legally binding in China and protected by Chinese laws. Therefore, the provisions on the stamp duty levied on the transfer of shares of listed companies in China do not apply to the purchase and disposal of H shares by non-Chinese investors outside China.

Estate duty

Under the current Chinese regulations, there is no estate duty imposed in the jurisdiction.

Major taxes payable by the Company in China

Please refer to the section headed "Regulatory Overview" in this document.

Foreign Exchange Control in China

Renminbi, the legal tender of China, is still subject to foreign exchange control and cannot be freely convertible into foreign currencies. The State Administration of Foreign Exchange under the People's Bank of China is responsible for all matters related to foreign exchange, including the implementation of foreign exchange control regulations.

According to the Regulations on Foreign Exchange Control of the People's Republic of China (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, implemented on April 1, 1996, and last revised on August 5, 2008, all international payments and transfers shall be classified into the current account and capital account. The current account shall be subject to the reasonable examination of the authenticity of transaction documents and their consistency with foreign exchange receipts and payments by the financial institutions engaging in the business of foreign exchange settlement and sales, and shall be subject to the supervision and inspection by the foreign exchange administrative authorities. With regard to the capital account, foreign organizations and individuals making direct investments in China shall, upon approval by the competent authorities concerned, register with the foreign exchange administrative authorities. The foreign exchange income obtained from abroad may be repatriated or deposited abroad. Foreign exchange funds and foreign exchange settlement funds under the capital account shall be used for the purposes approved by the relevant competent authorities and the foreign exchange administrative authorities. When there is or may be a serious imbalance in the balance of payments, or when there is or may be a serious crisis in the national economy, the State may take measures necessary to guarantee and control the balance of payments.

The Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, have removed other restrictions on foreign exchange under the current account, but imposed existing restrictions on foreign exchange transactions under the capital account.

According to the Announcement on Improving the Reform of the RMB Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》) promulgated and implemented by the PBOC on July 21, 2005, China began to implement a managed floating exchange rate system based on market supply and demand and adjusted with reference to a basket of currencies from July 21, 2005. As a result, the RMB exchange rate is no longer pegged to a single US dollar. The PBOC shall announce, after the market closes on each working day, the closing price of the exchange rate of the US dollar and other currencies traded in the interbank foreign exchange market against RMB on that day, which serves as the median price for transactions of that currency against RMB on the following working day.

According to China's relevant laws and regulations, when Chinese enterprises (including foreign-invested enterprises) require foreign exchange for current account transactions, they may make payments through foreign exchange accounts opened in designated foreign exchange banks without the approval of foreign exchange control agencies, but valid transaction receipts and vouchers shall be provided. If a foreign-invested enterprise needs to distribute profits to its shareholders through foreign exchange, and a Chinese enterprise (such as the Company) needs to pay dividends to its shareholders through foreign exchange according to relevant regulations, it may make payments from the foreign exchange account of a designated foreign exchange bank or make exchanges and payments at a designated foreign exchange bank according to the resolution of the Board or the general meeting on profit distribution.

According to the Decision of the State Council on the Cancellation and Adjustment of a Batch of Items Requiring Government Review and Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on October 23, 2014, it decided to cancel the examination and approval requirements of the SAFE and its branches for the remittance and settlement of proceeds raised from the overseas listing of overseas shares into domestic accounts in RMB.

According to the Circular of the State Administration of Foreign Exchange on Issues Relating to 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》) issued and implemented by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from the date of closing of overseas listing, apply for the registration of overseas listing with the local branch of the SAFE at the place of its incorporation. Proceeds from the overseas listing of the domestic company may be repatriated to a domestic account or deposited in an overseas account, provided that the use of the proceeds is consistent with the relevant content set out in this document and other disclosure documents.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Policy on Settlement Management of 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》) promulgated and implemented by the SAFE on June 9, 2016, relevant policies have made it clear that domestic institutions may settle their foreign exchange incomes under the capital account (including funds raised from the overseas listing), which are subject to discretional settlement, with banks as actually needed for business operation.