TAXES FOR 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 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 relevant laws and policies or constitute any opinions or suggestions. The discussion is not intended to cover all the possible tax consequences of the **[REDACTED]** in 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 consequences of the **[REDACTED]** in H-Shares. The following discussion is based on the laws and regulations in force as of the Latest Practicable Date, which and whose interpretations are subject to change or adjustment and may have retrospective effect.

This section does not cover any aspects of Chinese taxation other than income tax, capital tax, value-added tax, stamp duty, and inheritance tax. Prospective **[REDACTED]** should consult their tax advisors regarding the Chinese and other tax implications of holding and disposing of H-shares.

TAXES IN MAINLAND CHINA

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) revised by the Standing Committee of the National People's Congress ("**NPCSC**") on August 31, 2018 and effective as of January 1, 2019, and the Implementation Regulations for the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》) revised by the State Council on December 18, 2018 and effective as of January 1, 2019, dividends distributed by domestic companies to individual investors shall be subject to withholding tax at a flat rate of 20%. Meanwhile, according to the Circular on Issues Concerning Differentiated Individual Income Tax Policies for 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》) promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission ("**CSRC**") on September 7, 2015 and effective as of September 8, 2015, dividends and bonuses of shares of listed companies obtained by individuals from the public offering or stock market and held for more than one year shall be temporarily exempted from individual income tax. For shares of listed companies obtained by individuals from the public offering and transfer market and held for no more than one month, the dividends and bonuses thereof shall be fully included into the individual's taxable income; for shares held for more than one month but not more than one year, 50% of the dividends and bonuses thereof shall be temporarily included into the individual's taxable income. The above income shall be uniformly subject to individual income tax at the rate of 20%.

According to the Arrangement between Mainland China and Hong Kong SAR on Avoidance of Double Taxation and 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》) on August 21, 2006, or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government can impose tax on dividends paid by Chinese companies to Hong Kong residents (including natural persons and legal entities), but the tax amount shall not exceed 10% of the

total payable dividends. If a Hong Kong resident directly holds 25% or more of the shares in a PRC company, and such Hong Kong resident is the beneficial owner of the dividends and other conditions are satisfied, the relevant tariff shall not exceed 5% of the total payable dividends of the PRC company.

The Fifth Protocol on the Arrangement between the Mainland 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**"), which was promulgated by the State Administration of Taxation and became effective on December 6, 2019, provides that such provisions shall not apply to any arrangement or transaction made for one of the main purposes thereof to obtain such tax preference.

In addition, the application of the dividend clauses of the tax treaties is subject to the requirements of the PRC tax laws and regulations, including the guidelines specified in the Circular of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Treaties (Guo Shui Han [2009] No. 81) (《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》(國稅函[2009]81號)), which came into effect on February 20, 2009. Compliance with these regulations is necessary to determine the tax applicable to dividends under the arrangement.

Corporate Investors

According to 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》) ("**Enterprise Income Tax Law**") revised by the NPCSC and effective as of December 29, 2018 and the Implementing Regulations 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》) ("**Implementing Regulations of the Enterprise Income Tax Law**") revised by the State Council and effective as of January 20, 2025, non-resident enterprises which do not have a branch or offices in China, or even if they have a branch or offices in China but their China-sourced income is not effectively connected with their branch or offices, shall pay a 10% EIT on their China-sourced income (including dividends paid by Chinese resident enterprises whose shares are issued and listed in Hong Kong). The above-mentioned income tax payable by non-resident enterprises shall be withheld at source, with the payer as the withholding agent and the tax payable shall be withheld from each payment or amount due at the time of payment or when payment becomes due. Such tax may be reduced or exempted under the applicable treaty on the avoidance of double taxation.

The Circular of the State Administration of Taxation on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《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》(國稅函[2008]897號)), which was issued and implemented by the State Administration of Taxation (the "**SAT**") on November 6, 2008, further clarifies that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends paid to overseas non-resident enterprise shareholders of H Shares when distributing dividends for 2008 and onwards. In addition, the Response of the SAT to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (Guo Shui Han [2009] No. 394) (《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》(國稅函[2009]394號)), which was issued and implemented by the SAT on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends for 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rate may be further modified under the tax treaty that China has concluded with the relevant jurisdiction.

In accordance with the Arrangement between Mainland 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 PRC government may impose tax on dividends paid by a PRC Company to Hong Kong residents (including natural persons and legal entities), provided that such tax shall not exceed 10% of the aggregate amount of the dividends payable by the PRC Company. If a Hong Kong resident directly holds 25% or more of the shares in a PRC company, and such Hong Kong resident is the beneficial owner of the dividends and other conditions are satisfied, the relevant tariff shall not exceed 5% of the total payable dividends of the PRC company. The Fifth Protocol provides that such provision shall not apply to any arrangement or transaction entered into with one of the primary purposes of such tax preference.

In accordance with applicable regulations, we intend to withhold the tax at the tax rate of 10% from dividends paid to H-share non-PRC resident corporate holders. Non-PRC resident enterprises, which are entitled to enjoy tax reduction or exemption pursuant to the applicable income tax treaty, need to apply to the tax authorities in China for refund of the amount of withheld tax exceeding the conventional tax rate, and the tax refund should be verified by the tax authorities in China.

Tax on Gains from Share Transfers

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, gains from the sale of shares held by a PRC resident enterprise shall be levied individual income tax at a rate of 20%. According to the Circular on the Continued Exemption of Individual Income Tax on Gains from the Sale 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》) promulgated by the Ministry of Finance and the SAT on March 30, 1998 and effective as of the same day, gains from the sale of shares held by a listed company shall continue to be exempted from the individual income tax starting from January 1, 1997. The SAT did not explicitly specify in the newly revised Enterprise Income Tax Law and its implementation rules whether the individual income tax on gains from the sale of shares held by a listed company shall continue to be exempted.

Corporate Investors

In accordance with 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》) and its implementing rules, non-PRC resident enterprises that have not set up institutions or offices in China, or have set up institutions or offices but the incomes obtained by the enterprises have no actual connection with the set up institutions or offices, shall pay enterprise income tax (EIT) in relation to their incomes generated in China (including gains from the sale of shares held by a PRC resident enterprise) at the rate of 10%. The aforesaid payable income tax on non-PRC resident enterprises shall be withheld at the source, with the payer as the withholding agent. The tax payable shall be withheld from each payment or amount due at the time of payment or when payment becomes due. The withholding tax can be reduced or exempted pursuant to the relevant tax treaty or double taxation agreement.

Tax Policies of Shanghai-Hong Kong Stock Connect

According to the Circular on Tax Policies Relating to the Pilot Program of Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the SAT and the CSRC on October 31, 2014 and effective as of November 17, 2014, gains as a result of the transfer price difference from investments by domestic enterprises in stocks listed on the HKSE through the Shanghai-Hong Kong Stock Connect will be included in their total revenues subject to EIT in accordance with the law. For dividends received by mainland individual investors investing in H-shares listed on the HKSE through the Shanghai-Hong Kong Stock Connect, the H-share company shall apply to CSDC, which shall provide the H-share company with the roster of mainland individual investors, and then the H-share company shall withhold and pay the individual income tax on behalf of the investors according to the tax rate of 20%.

According to the Announcement on the Extension of the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Mutual Stock Market Access Mechanism 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 on August 21, 2023 and implemented on the same day, individual income tax will continue to be exempted on gains as a result of the transfer price difference from investments by mainland individual investors in stocks listed on the HKSE through the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect or in Hong Kong fund units acquired through mutual recognition of funds until December 31, 2027.

According to the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets, gains from dividends from investments by mainland corporate investors in stocks listed on the HKSE through the Shanghai-Hong Kong Stock Connect will be included in their total revenues subject to enterprise income tax in accordance with the law. Specifically, gains from dividends derived by a Chinese resident enterprise for holding H shares for 12 consecutive months and above will be exempted from enterprise income tax in accordance with the law. H-share companies do not withhold income tax on dividends for mainland corporate investors and the tax payable shall be declared and paid by the mainland corporate investors themselves.

Tax Policies of Shenzhen-Hong Kong Stock Connect

According to the Circular on Tax Policies relating to the Pilot Program of 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》) promulgated by the Ministry of Finance, the SAT and the CSRC on November 5, 2016 and effective as of December 5, 2016, gains as a result of the transfer price difference from investments by mainland corporate investors in stocks listed on the HKSE through the Shenzhen-Hong Kong Stock Connect will be included in their total revenues subject to enterprise income tax in accordance with the law. For dividends received by mainland individual investors investing in H-shares listed on the HKSE through the Shenzhen-Hong Kong Stock Connect, the H-share company shall apply to CSDC, which shall provide the H-share company with the roster of mainland individual investors, and then the H-share company shall withhold and pay the individual income tax on behalf of the investors according to the tax rate of 20%.

According to the Announcement on the Extension of the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Mutual Stock Market Access Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong promulgated on August 21,

2023 and implemented on the same day, individual income tax will continue to be exempted on gains as a result of the transfer price difference from investments by mainland individual investors in stocks listed on the HKSE through the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and in Hong Kong fund units acquired through mutual recognition of funds until December 31, 2027.

According to the Circular on Tax Policies relating to the Pilot Program of Shanghai-Hong Kong Stock Connect, gains from dividends from investments by mainland corporate investors in stocks listed on the HKSE through the Shanghai-Hong Kong Stock Connect will be included in their total revenues subject to enterprise income tax in accordance with the law. Specifically, gains from dividends derived by a Chinese resident enterprise for holding H shares for 12 consecutive months and above will be exempted from enterprise income tax in accordance with the law. H-share companies do not withhold income tax on dividends for mainland corporate investors and the tax payable shall be declared and paid by the mainland corporate investors themselves.

Stamp Tax

According to the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated on June 10, 2021 and effective as of July 1, 2022, purchase and disposal of H shares outside Mainland China by non-mainland investors will not be subject to the Stamp Tax Law of the People's Republic of China.

Inheritance Tax

Currently, inheritance tax is not levied in Mainland China according to Chinese laws.

MAJOR TAXES OF THE COMPANY IN CHINA

Enterprise Income Tax

According to 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》), enterprises and other organizations that have income accruing in People's Republic of China are enterprise income tax payers, who shall pay enterprise income tax in accordance with the Law. The enterprise income tax rate is 25%. High-tech enterprises that the Chinese government needs to prioritize supporting shall be subject to a reduced enterprise income tax rate of 15%.

Enterprises are further divided into resident enterprises and non-resident enterprises. For the purposes of China's enterprise income tax, enterprises established within China, or those established outside China but with their place of effective management within China, are deemed resident enterprises. Such enterprises shall pay enterprise income tax at a rate of 25% on their income derived both within and outside China. Non-resident enterprises refer to enterprises that have not established an institution or place of business within China, or enterprises that have established an institution or place of business within China but whose income is not effectively connected with such institution or place of business. Such enterprises shall pay enterprise income tax at a rate of 20% on income derived from within China. Such income tax shall be withheld at source, with the payer acting as the withholding agent. In addition, any income derived by non-resident enterprises from the transfer of shares shall be subject to enterprise income tax if such income is deemed to be derived from the transfer of property within China.

Value-added tax

According to the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) revised by the State Council and effective on November 19, 2017, and the Implementing Rules for the Provisional Regulations of the People's Republic of China on Value-added Tax revised by the Ministry of Finance on October 28, 2011 and effective on November 1, 2011, any entity and individual engaged in the sale of goods, the provision of processing, repair, or maintenance services, or the importation of goods within China shall be a VAT taxpayer and shall pay VAT in accordance with the relevant regulations and implementing rules. Unless otherwise specified in the aforementioned regulations, the value-added tax rate for taxpayers selling or importing goods is generally 17%.

According to the Notice on Adjusting Value-added Tax Rates (《關於調整增值稅稅率的通知》) promulgated by the Ministry of Finance and the SAT on April 4, 2018 and effective on May 1, 2018, the previous applicable 17% and 11% tax rates of a taxpayer engaging in VAT taxable sales activities or importation of goods are adjusted to 16% and 10%, respectively.

According to the 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 Ministry of Finance, the SAT and the General Administration of Customs on March 20, 2019 and effective on April 1, 2019, the previous applicable 16% tax rate and 10% tax rates of a taxpayer engaging in VAT taxable sales activities or importation of goods are adjusted to 13% and 9% respectively.

The NPCSC promulgated the Value-Added Tax Law (《中華人民共和國增值稅法》) on December 25, 2024, which will take effect on January 1, 2026. Upon the implementation of this law, the Provisional Regulations of the People's Republic of China on Value-Added Tax shall be repealed simultaneously. Under the Value-Added Tax Law, entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, and real estate within China, as well as import goods, are VAT taxpayers and shall pay value-added tax. Taxpayers selling goods are subject to a 13% tax rate, while those selling services or intangible assets are subject to a 6% tax rate. Except as otherwise provided in the Value-Added Tax Law, taxpayers engaging in taxable transactions shall calculate and pay value-added tax using the general taxation method by offsetting output tax against input tax.

FOREIGN EXCHANGE CONTROL OF CHINA

The legal currency of China is Renminbi (RMB). The State Administration of Foreign Exchange is authorized by the People's Bank of China to be responsible for the administration of all matters related to foreign exchange, including the implementation of foreign exchange regulations.

According to the Foreign Exchange Control Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》) revised by the State Council and effective on August 5, 2008, all international payment and transfer are classified into current account and capital account. China imposes no restrictions on international payments and transfers under the current account. Foreign exchange earnings of Chinese enterprises under the current account may be retained or sold to financial institutions engaged in foreign exchange conversion and sale in accordance with relevant national regulations. Foreign exchange earnings under the capital account may be retained or sold to financial institutions engaged in foreign exchange conversion and sale, subject to approval by the foreign exchange administration authorities, except where otherwise provided by the state.

According to the Administrative Provisions on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996 and effective on July 1, 1996, other restrictions on foreign exchange convertibility under current account are cancelled, but the existing restrictions on foreign exchange transactions under capital account remain.

Pursuant to relevant PRC laws and regulations, companies in China (including foreign invested enterprises) which need foreign exchange for current account transactions may produce valid receipts and transaction vouchers to make payments from their foreign exchange accounts at designated foreign exchange banks, without the need of approval by the SAFE. Foreign-invested enterprises which need to use foreign exchange to distribute profits to shareholders and Chinese enterprises which need to use foreign exchange to pay fixed dividends pursuant to relevant provisions shall make payment from its foreign exchange account or at designated foreign exchange bank pursuant to a resolution on profit distribution passed by the board of directors.

According to the Decision of the State Council on Matters relating to Cancelling and Adjusting a Number of Administrative Examination and Approval Items (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)) promulgated by the State Council and effective on October 23, 2014, the administrative examination and approval by the SAFE and its branches for the repatriation and settlement of funds raised through overseas listing were cancelled.

According to the Notice on Issues Concerning the Administration of Funds for Overseas Listing of Domestic Enterprises (Hui Fa [2014] No. 54) (《關於境內企業境外上市資金管理有關問題的通知》(匯發[2014]54號)) issued by the People's Bank of China and the SAFE, funds raised from overseas listing and proceeds from share reduction or transfer may be repatriated in foreign currency or RMB; for an entity listed under the H-share "full circulation" scheme, dividends distributed to its domestic shareholders shall be paid in RMB within the territory of China; a domestic enterprise may, at its own discretion, convert repatriated foreign currency funds into RMB for use and independently choose means of managing exchange rate risks; banks are supported in directly handling overseas listing registrations for domestic enterprises, and the registration time limit requirements for initial public offerings, additional issuances, share reductions, etc. have been relaxed; funds raised and proceeds from share reduction or transfer shall, in principle, be repatriated to the domestic territory; any remaining amount of funds remitted abroad for share increase by shareholders, or funds remitted but unused due to failure to complete the transaction, shall be promptly repatriated; and qualified domestic enterprises may retain funds raised overseas for use abroad.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies for the Administration of Foreign Exchange in Direct Investment ("**Circular 13**") (《關於進一步簡化和改進直接投資外匯管理政策的通知》(13號文))) promulgated on February 13, 2015 and effective on June 1, 2015, the SAFE has cancelled the requirement for the foreign exchange registration approval for domestic or overseas direct investments. Instead, the banks are directly responsible for the review and handling of foreign exchange registration for domestic and overseas direct investments, and the SAFE and its branches exercise indirect supervision over foreign exchange registration for direct investment via the banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement under Capital Accounts (Hui Fa [2016] No.16) (《關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)) promulgated and implemented by the SAFE on June 9, 2016, domestic institutions can settle their foreign exchange receipts under capital accounts (including repatriated funds raised through overseas listing) at their

discretion with banks according to their actual business needs. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the aforesaid proportion where appropriate based on balance of payments.

The SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors ("**Circular 21**") (《關於外商投資境內直接投資外匯管理規定》(21號文)), which partially abolished on December 30, 2019. Circular 21 stipulates that the SAFE and its local branches shall manage foreign investors' direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by the SAFE or its branches.

Pursuant to the Notice of Reforming the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises ("**Circular 19**") (《關於改革外商投資企業外匯資本金結匯管理方式的通知》(19號文)), promulgated by the SAFE, and partially abolished, respectively, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis based on the actual needs of their business operations. Foreign invested enterprises are prohibited from using the foreign exchange capital settled in RMB: (1) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (2) for direct or indirect securities investment; (3) to provide entrusted loans (unless permitted in the business scope), repay inter-company loans (including advances to third parties) or repay RMB bank loans that have been on-lent to a third party; and (4) to purchase real estate not for self-use purposes (save for real estate enterprises). Pursuant to the Notice of Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Accounts ("**Circular 16**") which was partially amended by the SAFE, discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds, and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to Circular 16's interpretation and implementation in practice.

The SAFE issued and implemented on the same date the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Management Reform ("**Circular 3**") (《關於進一步推動外匯管理改革完善真實合規性審核的通知》(3號文)), which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (1) when handling remittance of profit at an amount of over US$50,000 for domestic institutions, banks shall review board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements to check if the transactions are genuine; and (2) domestic entities shall make up for previous year's losses before remitting the profits. In addition, pursuant to Circular 3, domestic entities shall make detailed explanations to the bank in respect of the sources of the capital and its utilization arrangements, and provide board resolutions, contracts, and other supporting materials when undergoing the filing procedures in connection with an outbound investment.

The SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (Hui Fa [2016] No.28) (《關於進一步促進跨國貿易投資便利化的通知》(匯發[2019]28號)). The Notice cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot areas are also allowed to use revenue under capital accounts, such as capital

funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts.

According to the Notice on Optimizing Foreign Exchange Management to Support the Development of Foreign Businesses (Hui Fa [2020 No.8) (《關於優化外匯管理支援涉外業務發展的通知》(匯發[2020]8號)) issued by the SAFE, eligible enterprises are allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification; provided that the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts. Relevant banks should conduct spot checks in accordance with relevant provisions.

According to the Notice on Further Deepening Reforms to Promote the Convenience of Cross-border Trade and Investment ("**Circular 28**") (《關於進一步深化改革促進跨境貿易投資便利化的通知》(28號文)), issued by the SAFE, which provides that qualified high-tech, "professional, sophisticated, unique and new" and technology-based small and medium-sized enterprises in Anhui and certain other areas can borrow foreign debt on their own within an amount not exceeding the equivalent of US$10 million. Circular 28 abolished the restriction that the cumulative remittance amount of up-front expenses of overseas direct investment by a domestic enterprise shall not exceed the equivalent of US$3 million, provided that the cumulative remittance amount shall not exceed 15% of the total proposed investment amount by the PRC entity. Additionally, Circular 28 restructured the asset realization account of capital accounts to the settlement account of capital accounts. The equity transfer consideration funds in foreign currency received by a domestic equity transferor (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas listing may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion.