PRC TAXATION

Taxation for Security Holders

The income tax and capital gains tax payable by holders of H Shares are governed by the laws and practices of the PRC and of the jurisdictions in which such H Shareholders are resident or otherwise subject to tax. The following summary of certain relevant tax provisions is based on laws and practices currently in force and does not attempt to predict or comment on future changes or amendments to such laws or policies, nor does it constitute any advice or recommendation. The discussion does not purport to address all tax consequences that may arise from an **[REDACTED]** in H Shares, nor does it consider the specific circumstances of any particular **[REDACTED]**, some of which may be subject to special rules. Accordingly, prospective investors should consult their own tax advisors regarding the tax consequences of holding H Shares. The discussion is based on laws and relevant interpretations in force and available as of the Latest Practicable Date and such laws and interpretations may change or be subject to retroactive application.

The discussion does not address any PRC tax matters other than income tax, capital gains and profits tax, business tax/value-added tax, stamp duty and estate duty. Prospective investors should consult their financial and tax advisors regarding the PRC and other tax consequences of owning and disposing of H Shares.

Taxation on Dividends

For individual investors

Pursuant to the Individual Income Tax Law of the People's Republic of China (the "**IIT Law**"), as amended by the Standing Committee of the National People's Congress on August 31, 2018 and effective January 1, 2019, and the Implementing Regulations of the Individual Income Tax Law, as revised by the State Council on December 18, 2018 and effective January 1, 2019, dividends paid by Chinese companies to individual investors are generally subject to withholding and payment of individual income tax at a uniform rate of 20%.

In addition, pursuant to the Notice on the Differentiated Individual Income Tax Policy on Dividends and Bonuses of Listed Companies jointly issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on September 7, 2015 (effective September 8, 2015), dividends derived by individuals from listed shares acquired on the primary issuance market or secondary trading market are exempt from individual income tax if the holding period exceeds one year. For listed shares acquired on the primary issuance market or secondary trading market, if the holding period is one month or less (inclusive of one month), dividend income is fully included in taxable income; if the holding period is more than one month but one year or less (inclusive of one year), 50% of the dividend income is temporarily included in taxable income. The applicable individual income tax rate for the above income is uniformly 20%.

Under 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, signed on 21 August 2006 (the "**Arrangement**"), the PRC may tax dividends paid by a PRC company to a Hong Kong resident (including individuals and entities), but such tax shall not exceed 10% of the gross amount of the dividends. If a Hong Kong resident directly holds 25% or more of the equity of a PRC company, is the beneficial owner of the dividends and satisfies other conditions, the tax shall not exceed 5% of the gross amount of the dividends. The Protocol Amending 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 "**Fifth Protocol**"), issued by the State Taxation Administration and effective 6 December 2019, provides that arrangements or transactions whose main purpose is to obtain the foregoing tax benefits shall not be eligible for such benefits.

For corporate investors

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (the "**EIT Law**"), as amended by the Standing Committee of the National People's Congress on December 29, 2018 and effective as amended, and the Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China (the "**EIT Implementing Regulations**"), as revised by the State Council on December 6, 2024 and effective January 20, 2025, a non-resident enterprise that does not have an establishment or place in the PRC, or that has such an establishment or place but whose income derived from the PRC is not effectively connected with that establishment or place, shall be subject to PRC enterprise income tax at a rate of 10% on its PRC-sourced income (including gains from the disposal of shares in PRC resident enterprises). The foregoing PRC enterprise income tax payable by non-resident enterprises is collected by withholding at source, with the payer being the withholding agent; tax is withheld from amounts paid or payable at the time of each payment or when payment becomes due. Such tax may be reduced or exempted under an applicable tax treaty to avoid double taxation. Pursuant to the Notice on Issues Concerning the Withholding of Enterprise Income Tax by PRC Resident Enterprises Distributing Dividends to Overseas H-Share Non-resident Enterprise Shareholders, issued by the State Taxation Administration and effective on 6 November 2008, PRC resident enterprises shall withhold enterprise income tax at a uniform rate of 10% when distributing dividends for 2008 and subsequent years to overseas H-share non-resident enterprise shareholders. The Reply on the Collection of Enterprise Income Tax on Dividends of Non-resident Enterprises Receiving Dividends from B-Shares and Other Listed Shares, issued by the State Taxation Administration and effective on 24 July 2009, further provides that PRC resident enterprises that publicly issue and list shares in or outside the PRC (including A-shares, B-shares and overseas shares) shall withhold enterprise income tax at a uniform rate of 10% when distributing dividends for 2008 and subsequent years to non-resident enterprise shareholders. The foregoing withholding tax rate may be further changed pursuant to tax treaties or agreements between China and the relevant jurisdictions (if applicable).Under 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 PRC may tax dividends paid by a PRC company to a Hong Kong resident (including individuals and entities), but such tax shall not exceed 10% of the gross amount of the dividends. If a Hong Kong resident directly holds 25% or more of the equity of a PRC company, is the beneficial owner of the dividends and satisfies other conditions, the tax shall not exceed 5% of the gross amount of the dividends. The Fifth Protocol provides that arrangements or transactions whose main purpose is to obtain the foregoing tax benefits shall not be eligible for such benefits. Pursuant to applicable laws and regulations, we intend to withhold tax at a rate of 10% from dividends payable to H-share holders that are non-PRC enterprises (including the Hong Kong Securities Clearing Company as nominee). Non-PRC enterprises entitled to a reduced treaty rate under an applicable income tax treaty must apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and any such refund will be subject to verification by the PRC tax authorities.

Taxation on Transfers of Equity Interests

Income Tax

For individual investors

Pursuant to the Individual Income Tax Law and its implementing regulations, individuals are subject to individual income tax at a rate of 20% on gains from the transfer of equity interests in PRC resident enterprises. Under the Notice on Continued Temporary Exemption from Individual Income Tax on Individuals' Income from Transfer of Shares, jointly issued by the Ministry of Finance and the State Taxation Administration and effective on March 30, 1998, income derived by individuals from the transfer of shares of listed companies has been temporarily exempt from individual income tax since January 1, 1997. The most recently amended Enterprise Income Tax Law and the latest revised Implementing Regulations of the Enterprise Income Tax Law do not expressly state whether the exemption for individuals' gains from transfer of listed company shares continues.

However, the Notice on Issues Concerning the Levying of Individual Income Tax on Income from Transfer of Restricted Shares of Listed Companies, jointly issued by the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission on December 31, 2009 and effective January 1, 2010, provides that income from individuals' transfers of listed shares publicly issued and traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange will continue to be exempt from individual income tax, except for transfers of restricted shares as defined in the Supplementary Notice on Issues Concerning the Levying of Individual Income Tax on Income from Transfer of Restricted Shares of Listed Companies, jointly issued by the same authorities and effective on November 10, 2010.As of the date of this document, there is no provision expressly providing for the imposition of individual income tax on gains derived by non-PRC individual shareholders from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges (such as the Hong Kong Stock Exchange).

For corporate investors

Pursuant to the Enterprise Income Tax Law and its implementing regulations, a non-resident enterprise that does not have an establishment or place in the PRC, or that has such an establishment or place but whose income derived from the PRC is not effectively connected with that establishment or place, shall be subject to PRC enterprise income tax at a rate of 10% on its PRC-sourced income (including gains from the disposal of shares in PRC resident enterprises). The foregoing tax payable by non-resident enterprises is collected by withholding at source, with the payer acting as the withholding agent; tax is withheld from amounts paid or payable at the time of each payment or when payment becomes due. Such tax may be reduced or exempted under an applicable tax treaty or arrangement.

Stamp Duty

Pursuant to the Stamp Duty Law of the People's Republic of China, promulgated on June 10, 2021 and effective from July 1, 2022, investors outside Chinese Mainland are not subject to the Stamp Duty Law in respect of disposals of H-shares outside the PRC.

Estate Duty

As of the date of this document, under PRC law, estate duty has not been levied in Chinese Mainland.

Shanghai–Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on Tax Policies Relating to the Pilot Mechanism for Inter-Connection of the Shanghai and Hong Kong Stock Markets jointly issued by the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission on 31 October 2014 and effective on 17 November 2014, capital gains realized by mainland enterprise investors through Shanghai–Hong Kong Stock Connect from investments in shares listed on the Hong Kong Stock Exchange are included in their total taxable income and subject to enterprise income tax in accordance with law. For dividends received by mainland individual investors through Shanghai–Hong Kong Stock Connect from H-shares listed on the Hong Kong Stock Exchange, H-share companies must apply to ChinaClear, which will provide the H-share company with a roster of mainland individual investors, and the H-share company shall withhold individual income tax at a rate of 20%.

Pursuant to the Announcement on the Continued Implementation of the Shanghai–Hong Kong and Shenzhen–Hong Kong Stock Connect Mechanisms and the Individual Income Tax Policy Relating to the Mutual Recognition of Funds between the Mainland and Hong Kong, published and effective on 21 August 2023, capital gains derived by mainland individual investors through Shanghai–Hong Kong Stock Connect from investments in shares listed on the Hong Kong Stock Exchange are exempt from individual income tax for the period from 5 December 2019 to 31 December 2027. According to the Notice on Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Market Trading Interconnection Mechanism jointly issued by the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission, dividend income derived by Mainland corporate investors from investing in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law. Among them, dividend income generated from Mainland resident enterprises from holding H shares continuously for not less than 12 months shall be exempt from enterprise income tax in accordance with the law. H-share companies shall not withhold dividend income tax on behalf of Mainland corporate investors. The tax payable shall be declared and paid by the enterprises themselves.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on Tax Policies Relating to the Pilot Mechanism for Inter-Connection of the Shenzhen and Hong Kong Stock Markets jointly issued by the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission on 5 November 2016 and effective on 5 December 2016, capital gains realized by mainland enterprise investors through Shenzhen–Hong Kong Stock Connect from investments in shares listed on the Hong Kong Stock Exchange are included in their total taxable income and subject to enterprise income tax in accordance with law. For dividends received by mainland individual investors through Shenzhen–Hong Kong Stock Connect from H-shares listed on the Hong Kong Stock Exchange, H-share companies must apply to ChinaClear, which will provide the H-share company with a roster of mainland individual investors, and the H-share company shall withhold individual income tax at a rate of 20%.Pursuant to the Announcement on the Continued Implementation of the Shanghai–Hong Kong and Shenzhen–Hong Kong Stock Connect Mechanisms and the Individual Income Tax Policy Relating to the Mutual Recognition of Funds between the Mainland and Hong Kong, published and effective on 21 August 2023, capital gains derived by mainland individual investors through Shanghai–Hong Kong Stock Connect from investments in shares listed on the Hong Kong Stock Exchange are exempt from individual income tax until 31 December 2027.Under the Notice on Tax Policies Relating to the Pilot Mechanism for Inter-Connection of the Shenzhen and Hong Kong Stock Markets, dividends received by mainland enterprise investors through Shenzhen–Hong Kong Stock Connect from H-shares listed on the Hong Kong Stock Exchange are included in their total taxable income and subject to enterprise income tax in accordance with law. Dividends received by mainland resident enterprises that have held the H-shares continuously for at least 12 months are exempt from enterprise income tax. H-share companies do not withhold tax on dividend income paid to mainland enterprise investors; such taxpayers are required to declare and pay any tax due themselves.

OUR PRINCIPAL TAXES IN CHINA

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the People's Republic of China, enterprises and other organizations that derive income (collectively, "**enterprises**") within the PRC are taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with that law. The statutory enterprise income tax rate is 25%. Enterprises are classified as resident enterprises or non-resident enterprises. A non-resident enterprise that does not have an establishment or place in the PRC, or that has such an establishment or place but whose income derived from the PRC is not effectively connected with that establishment or place, shall be subject to PRC enterprise income tax on its PRC-sourced income and such tax shall be collected by withholding at source, with the payer acting as the withholding agent; tax is withheld from amounts paid or payable at the time of each payment or when payment becomes due. Similarly, gains realized by such investors from transfers of shares that are regarded as PRC-sourced income from the disposal of property are subject to enterprise income tax and are collected by withholding at source.

Value-Added Tax

Pursuant to the Value-Added Tax Law of the People's Republic of China, as amended by the State Council on December 25, 2024 and effective January 1, 2026, and the Detailed Rules for the Implementation of the Provisional Regulations on Value-Added Tax of the People's Republic of China, as revised by the Ministry of Finance on October 28, 2011 and effective November 1, 2011, units and individuals that sell or import goods within the PRC are taxpayers of value-added tax and shall pay VAT in accordance with such laws. Unless otherwise provided by the foregoing laws, the VAT rate applicable to the sale or importation of goods is 13%.

Foreign Exchange Administration in China

The Renminbi is the lawful currency of China. Authorized by the People's Bank of China, the State Administration of Foreign Exchange (SAFE) is responsible for managing all matters relating to foreign exchange, including implementing foreign exchange control rules.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control, as amended and effective on 5 August 2008, international payments and transfers are classified into current account items and capital account items. China does not restrict international payments and transfers under the current account. Foreign exchange receipts from current account transactions by PRC enterprises may be retained or sold to financial institutions that conduct foreign exchange settlement and sales business in accordance with relevant national regulations. Retention or sale of foreign exchange proceeds from capital account transactions to such financial institutions requires approval from foreign exchange authorities, unless otherwise provided by national regulations. Pursuant to the Provisions on Foreign Exchange Settlement, Sales and Payment, issued by the People's Bank of China on 20 June 1996 and effective 1 July 1996, most remaining restrictions on current account foreign exchange conversion were removed while existing restrictions on capital account foreign exchange transactions were retained. Under PRC laws and regulations, when PRC enterprises (including foreign-invested enterprises) need foreign exchange for current account transactions, they may remit foreign exchange without SAFE approval through foreign exchange accounts at designated foreign exchange banks, provided they present valid transaction receipts and supporting documents. Foreign-invested enterprises that need to distribute profits to their shareholders in foreign currency, and PRC enterprises required by regulations to pay dividends in foreign currency, may make such payments from their foreign exchange accounts or through designated foreign exchange banks in accordance with board resolutions on profit distribution.

Pursuant to the Decision of the State Council on Cancelling and Adjusting a Number of Administrative Approval Items and Other Matters, issued and effective on 23 October 2014, the State Administration of Foreign Exchange and its branches no longer conduct administrative approvals for the conversion and repatriation of funds raised overseas by overseas-listed issuers.

Under the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Relating to the Management of Funds for Domestic Enterprises' Overseas Listings, promulgated on 24 December 2025 and effective 1 April 2026, the People's Bank of China, the State Administration of Foreign Exchange and their branches supervise, manage and inspect registration, account opening and use, cross-border receipts and payments, foreign exchange conversion and other activities related to domestic enterprises' overseas listings. A domestic enterprise undertaking an overseas listing shall, within 30 working days from the first trading date overseas or from completion of any over-allotment, submit the following materials to a bank within the province/municipality directly under the central government where it is registered to apply for overseas listing registration.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment, promulgated on 13 February 2015 and implemented on 1 June 2015, SAFE abolished the approval of foreign exchange registration for domestic direct investment and for outbound direct investment. Banks are authorized to directly review and handle foreign exchange registrations for domestic direct investment and outbound direct investment, while SAFE and its branches exercise indirect supervision over direct-investment foreign exchange registrations through banks.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Management Policies for Capital-Account Foreign Exchange Settlement, issued and implemented on 9 June 2016, the relevant policy clarifies that capital-account foreign exchange receipts for which settlement is voluntarily chosen (including funds repatriated from overseas listings) may be converted to RMB at banks according to the actual operational needs of domestic institutions; the provisional voluntary settlement ratio for capital-account foreign exchange receipts of domestic institutions is set at 100%, and SAFE may adjust such ratio in a timely manner based on the balance-of-payments situation.

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 sale of H Shares. However, trading gains from the sale of the 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 sales 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 sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently levied at an ad valorem rate of 0.13% based on the higher of the consideration or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable, and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after 11 February 2006.