## TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to changes or adjustments and may have retrospective effect, and does not constitute any comments or suggestions accordingly. The discussion does not deal with all possible tax consequences relating to an **[REDACTED]** in the H Shares, nor does it take into account the specific circumstances of any particular investors, some of whom may be subject to special regulation. Accordingly, you should consult your own tax advisers regarding the tax consequences of an **[REDACTED]** in the H Shares.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains and profit tax, sales tax, VAT, stamp duty and estate duty. You should consult your own advisers regarding PRC and other tax consequences of purchasing, owning and disposing of the H Shares.

## TAXATION OF PRC

### Taxation on Dividends

#### *Individual Investors*

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) which was promulgated on September 10, 1980, last amended on August 31, 2018, and took effect on January 1, 2019, and the Regulations for the Implementation 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》) that was latest amended on December 18, 2018 and took effect on January 1, 2019 (collectively, the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax at a flat rate of 20%. For foreign individuals who are not PRC residents and who receive dividends from PRC enterprises, they are normally subject to a 20% individual income tax rate unless they are specifically exempted by the tax authorities of the State Council or are exempted from relevant tax treaties.

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 (《內地和香港特別行政區關於對所得避免雙重課稅和防止偷漏稅的安排》) (the "**Arrangement**") signed on August 21, 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a resident of the Hong Kong (including natural person and legal entities), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of 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 issued by the State Administration of Taxation (《國家稅務總局關於內地和香港特別行政區關於對所得避免雙重課稅和防止偷漏稅的安排第五議定書》) signed on July 19, 2019 and effective on December 6, 2019 stipulates that notwithstanding any other provisions of this Arrangement, if, having regard to all relevant facts and circumstances, it may reasonably be concluded that obtaining the benefits under this Arrangement is one of the principal purposes of any arrangement or transaction that directly or indirectly results in such benefits being conferred under this Arrangement, those benefits shall not be granted in respect of the relevant income unless it is established that granting such benefits in these circumstances accords with the purpose and object of the relevant provisions of this Arrangement.

### *Enterprise Investors*

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the National People's Congress on March 16, 2007 and latest amended on December 29, 2018 and took effect on the same day, and the Implementation Rules for 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 latest amended on December 6, 2024 and effective on January 20, 2025 (collectively, the "**EIT Law**"), a non-resident enterprise that does not have an establishment or place in the PRC, or has an establishment or place in the PRC but its PRC source income is not effectively connected with the said PRC establishment or place, it is generally subject to a 10% EIT on its PRC source income (including dividends received from PRC resident enterprises). Such income tax on non-resident enterprises shall be withheld at source. Each time a payment is made to a non-resident enterprise, the withholding agent shall withhold tax from the amount paid or payable. Relevant tax may be reduced or exempted in accordance with the relevant tax agreement or agreement for the avoidance of double taxation.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Share Shareholders of Overseas Non-Resident Enterprise (《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) promulgated and implemented by the State Administration of Taxation on November 6, 2008, further clarifies that, when Chinese resident enterprises distributed the dividends for the years 2008 and onwards to H share shareholders of overseas non-resident enterprise, the enterprise income tax shall be withheld and paid at a uniform rate of 10%.

Pursuant to the Arrangement, the Chinese Government may levy taxes on dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total amount of dividends payable by the Chinese company. If a Hong Kong resident directly holds at least 25% of the shares of the Chinese company, the tax imposed should not exceed 5% of the total amount of dividends. The Fifth Protocol of 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 issued by the State Administration of Taxation stipulates that notwithstanding any other provisions of this Arrangement, if, having regard to all relevant facts and circumstances, it may reasonably be concluded that obtaining the benefits under this Arrangement is one of the principal purposes of any arrangement or transaction that directly or indirectly results in such benefits being conferred under this Arrangement, such benefits shall not be granted in respect of the relevant income unless it is established that granting such benefits in these circumstances accords with the purpose and object of the relevant provisions of this Arrangement. The application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協議股息條款有關問題的通知》).

### *Tax Treaties*

Non-resident investors residing in jurisdictions which have entered into treaties for the avoidance of double taxation or adjustments with the PRC are entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant tax treaties or arrangements can apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund applications are subject to approval by the PRC tax authorities.

**Taxation on Share Transfer**

***Value-Added Tax and Local Surcharges***

Pursuant to Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business 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) (the "**Circular 36**") currently in effect, the transfer of financial products (including marketable securities) is generally subject to VAT at a rate of 6% on the gains. Transfers by individuals are exempt. Under the current rules, there is uncertainty regarding whether a non-resident enterprise is subject to Chinese VAT on the disposal of H-shares, particularly if the buyer is located within China.

However, it is crucial to note that the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) (the "**VAT Law**") was adopted on December 25, 2024 and took into effect on January 1, 2026, and the VAT Law fundamentally changes the criteria for determining a taxable transaction for financial products. It stipulates that the transfer of a financial product is subject to Chinese VAT only if (i) the financial product is issued within China, or (ii) the seller is a domestic entity or individual.

Therefore, under the VAT Law, a non-resident enterprise's disposal of H-shares should not be subject to Chinese VAT, regardless of the location of the buyer. The taxpayers of value-added tax are also subject to urban maintenance and construction tax, education surcharge, and local education surcharge (collectively, the "**Local Surcharges**"). These Local Surcharges are calculated based on the amount of VAT actually payable. If no VAT is payable, no Local Surcharges will arise.

**Income Tax**

***Individual Investors***

According to the IIT Law, income derived from the sale of the equity of the PRC-resident enterprises are subject to the individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income from Transfer of Shares by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by Ministry of Finance and the State Administration of Taxation on March 30, 1998 and implemented on the same day, income of individuals from the transfer of shares of listed enterprises shall continue to be exempted from individual income tax since January 1, 1997. The Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals, from Transfer of Listed Shares Subject to Sales Limitation (《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》) (Cai Shui [2009] No. 167), which was jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on December 31, 2009, states that income derived by individuals from the transfer of shares of listed companies obtained through the public offering and transfer markets of listed companies on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempt from individual income tax except for the relevant shares which are subject to sales restriction as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《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》) (Cai Shui [2010] No. 70) jointly issued by the three aforementioned authorities on November 10, 2010. The State Administration of Taxation, Ministry of Finance, CSRC jointly promulgated the Announcement on Further Improving upon the Services for Collection and Administration of Individual Income Tax on Income from the Transfer of Restricted Shares of Listed Companies by Individuals (《關於進一步完善個人轉讓上市公司限售股所得個人所得

稅有關徵管服務事項的公告》) on December 27, 2024, and it states that this announcement shall prevail of any discrepancy with Cai Shui [2009] No. 167. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that whether individual income tax shall be collected from non-PRC resident individuals on the transfer of shares of PRC-resident enterprises listed on overseas stock exchanges.

***Enterprise Investors***

In accordance with the EIT Law, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, if it does not have an establishment or premise in the PRC or has an establishment or a premise but the income it derives does not have actual connection with such establishment or premise. Such income tax for non-resident enterprises are deducted at source. The tax is withheld by the withholding agent from the amount paid or due each time a payment is made to a non-resident enterprise. The tax may be reduced or exempted pursuant to relevant tax treaties or treaties on avoidance of double taxation.

***Stamp Duty***

Pursuant to Stamp Tax Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and effective on July 1, 2022, entities and individuals who draw up taxable certificates and carry out transactions in securities within the PRC, as well as those who draw up taxable certificates outside the PRC for use within the PRC, are subject to stamp duty. Accordingly, the provisions on stamp duty levied on the transfer of shares of listed companies in the PRC do not apply to the purchase and disposal of H shares outside the PRC by non-PRC investors.

## PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

### Enterprise Income Tax

Pursuant to the EIT Law, resident enterprises shall pay enterprise income tax at the enterprise income tax rate of 25% on their income derived from sources within and outside the PRC. A foreign-invested enterprise within the PRC belonging to the category of resident enterprise shall pay enterprise income tax at the rate of 25% on its income derived from sources within or outside China. Enterprises established in accordance with the laws of an overseas country or region but whose actual management organization (meaning the organization that exercises substantial overall management and control over the production and operation, personnel, accounts and property of the enterprise) is located in the PRC are treated as resident enterprises, and therefore are generally subject to enterprise income tax at the rate of 25% on their income derived from sources within or outside the PRC. If a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, if it does not have an establishment or premise in the PRC or has an establishment or a premise but the income it derives does not have actual connection with such establishment or premise, unless otherwise agreed in the tax treaties or arrangement signed between the PRC and the country or region to which the non-resident enterprise belongs. The enterprise income tax on important high- and new-tech enterprises that are supported by the state shall be levied at the tax rate of 15%.

### Value-added Tax

Pursuant to the VAT Law promulgated by the SCNPC on December 25, 2024 and became effective on January 1, 2026, entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with the Value-added Tax Law. A small-scale taxpayer shall be exempted from VAT if it has a taxable transaction and the sales amount does not reach the threshold for levying VAT; if the sales amount has reached the threshold for levying, VAT shall be computed and paid fully pursuant to the provisions of the Value-added Tax Law. The aforesaid threshold shall be stipulated by the State Council and filed with the SCNPC for the record.

The current applicable VAT rates are as follows: Unless otherwise stipulated by law, 13% for sales of goods, processing /repair /maintenance services, leasing of tangible movable property, or import of goods; 9% for sales of transportation, postal, basic telecom, construction, or immovable property leasing services; sales of immovable property; transfer of land-use rights; or sale/import of specific goods; 6% for sales of services or intangible assets; 0% for export of goods or cross-border sales of services/intangible assets within State Council-prescribed scope.

## TAXATION IN HONG KONG

### 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 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 charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of 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 0.2% 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 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

## FOREIGN EXCHANGE MANAGEMENT IN THE PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE under the People's Bank of China (the "**PBOC**"), is responsible for the administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulations**") are the main administrative regulations on foreign exchange administration in the PRC, which were promulgated by the State Council on January 29, 1996, and latest amended on August 5, 2008 and took effect on the same day, respectively. Pursuant to the Foreign Exchange Regulations, it classify all international payments and transfers into current account and capital account. For current account, the financial institutions operating the business of foreign exchange settlement and sale shall be subject to reasonable examination of the authenticity of the transaction documents and their consistency with the foreign exchange receipts and expenditures, as well as to the supervision and inspection of the foreign exchange administration authorities. For capital items, direct investment in the PRC by foreign institutions and individuals abroad shall be registered with the foreign exchange administration authorities after approval by the relevant competent authorities. Foreign exchange earnings obtained from abroad may be repatriated or deposited abroad, and foreign exchange and settlement funds for capital projects shall be utilized in accordance with the purposes approved by the relevant competent authorities and foreign exchange administration authorities. When a serious imbalance in the international balance of payments occurs or is likely to occur, or when a serious crisis in the national economy occurs or is likely to occur, the State may take the necessary safeguard and control measures for the international balance of payments.

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

According to the Announcement on Improving the Reform of the RMB Exchange Rate Regime (《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, the PRC has implemented a managed floating exchange rate regime since July 21, 2005, with its exchange rate adjusted on the basis of market supply and demand and with reference to a basket of currencies. As a result, the RMB exchange rate is no longer pegged to US dollar only. The PBOC publishes, after the market closes on each working day, the closing price of the exchange rate of the United States dollar and other currencies traded in the inter-bank foreign exchange market against the RMB on that day, which serves as the mid-price for transactions of that currency against the RMB on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened in designated foreign exchange banks by providing valid transaction receipts and certificates. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, based on resolutions of the Board of Directors meetings on the distribution of profits, effect payment from foreign exchange accounts or exchange and pay at designated foreign exchange banks.

Pursuant to the Decisions of the State Council 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》) as promulgated by the State Council on October 23, 2014, has cancelled the requirement for approval by the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of overseas shares into RMB domestic accounts.

According to the Notice of 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》) promulgated on February 13, 2015 and implemented on June 1, 2015, the SAFE has cancelled two administrative approval matters including the approval of foreign exchange registration under domestic direct investment and the approval of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branches shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement 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》) issued and implemented by the SAFE on June 9, 2016, the foreign exchange receipts under capital accounts (including funds repatriated through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may settle up to 100% of foreign exchange receipts under capital accounts for the time being, and the SAFE may adjust the above proportion in due time according to international balance of payments situation.

According to the Notice on Matters Concerning the Administration of Funds Raised by Domestic Enterprises from Overseas Listings (《關於境內企業境外上市資金管理有關問題的通知》) promulgated by the PBOC and the SAFE on December 24, 2025, and became effective on April 1, 2026, funds raised by domestic enterprises from overseas listings shall, in principle, be repatriated to the PRC in a timely manner. Where such funds are retained outside the PRC for the purpose of conducting overseas direct investment, overseas securities investment, overseas lending, or other similar business activities, the enterprise shall obtain approval or filing documentation from the competent business authority prior to the completion of the overseas listing issuance or the full exercise of the over-allotment option, and shall comply with the relevant cross-border fund administration regulations.