PRC TAXATION

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 of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective PRC laws and practices and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion does not deal with all possible tax consequences relating to an **[REDACTED]** in the H Shares, nor does it consider the specific circumstances of any particular **[REDACTED]**, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an **[REDACTED]** in H Shares. The discussion is based upon PRC laws and relevant interpretations in effect as at the date of this document, all of which are subject to change and may have retrospective effect. Prospective investors are urged to consult their financial adviser regarding the PRC and other tax consequences of **[REDACTED]** and **[REDACTED]** of H Shares.

Taxation on dividends

Individual investors

Pursuant 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》) (the "**Income Tax Law**"), which was last amended on August 31, 2018 and came into effect on January 1, 2019, and the Regulations on Implementation of 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》) (the "**Regulations on Implementation of the Individual Income Tax Law**"), which were last amended on December 18, 2018 and came into effect on January 1, 2019, income derived by resident individuals from the PRC and overseas shall be subject to individual income tax pursuant to the provisions of the Income Tax Law and the income from dividends shall be subject to individual income tax levied at a flat rate of 20%. For individuals who do not have a domicile in the PRC and have not resided in the PRC, or individuals who do not have a domicile in the PRC but have resided in the PRC for less than 183 days cumulatively within a tax year, shall be deemed as non-resident individuals. Income derived by non-resident individuals from the PRC shall be subject to individual income tax pursuant to the provisions of the Income Tax Law.

Enterprise 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》) (the "**EIT Law**"), which was latest amended and implemented on December 29, 2018, and the Implementation Rules for 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》) (the "**Implementation Rules for the Enterprise Income Tax Law**") which was latest amended and implemented on December 6, 2024, and came into effect on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, if it does not have an office or premise established in the PRC or the income derived or accrued has no de facto relationship with the office or premises established, corporate income tax shall be payable by the non-resident enterprise for income derived from or accruing in the PRC. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《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 STA on November 6, 2008 and came into effect on the same date, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and afterwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Issues 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) (《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 by the STA and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and afterwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC has entered into with a relevant country or region, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion 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 "**Arrangement**"), which was executed by the STA and the Hong Kong Government on August 21, 2006 and came into effect on December 8, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents in an amount not exceeding 10% of the total dividends payable by the PRC company unless a Hong Kong resident directly holds 25% or more of the equity interest in such PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion 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》), which came into effect on December 6, 2019, added a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the Arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant purpose and objective of the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of relevant PRC tax laws and regulations, such as the Notice on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) (《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 was promulgated by the STA on February 20, 2009 and came into effect on the same date.

Tax Treaties

Pursuant to the EIT Law, where any tax treaty concluded between the Government of the PRC and a foreign government contains provisions which differ from the provisions of the EIT Law, the provisions of the relevant tax treaty shall prevail. The PRC currently has entered into certain treaties concerning the avoidance of double taxation with a number of countries and regions.

Taxation on share transfer

*Value-added Tax (the "**VAT**") and Local Surcharges*

Pursuant to the Notice on the Full Implementation of Pilot Scheme for Transition from Business Tax to VAT (Cai Shui [2016] No. 36) (《關於全面推開營業税改徵增值税試點的通知(財税[2016]36號)》) (the "**Notice on the Full Implementation of Pilot Scheme for Transition from Business Tax to VAT**") and related regulations contained, which have been in effect since May 1, 2016 and have been amended multiple times by various official documents, entities and individuals engaged in sales of services within the PRC shall be subject to VAT. The Notice on the Full Implementation of Pilot Scheme for Transition from Business Tax to VAT also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable income, for a VAT taxpayer. However, individuals are exempt from VAT upon transfer of financial products.

Pursuant to the Urban Maintenance and Construction Tax Law of the People's Republic of China (《中華人民共和國城市維護建設税法》) which was promulgated by the SCNPC and became effective on September 1, 2021, no urban maintenance and construction tax shall be levied on value-added tax or consumption tax paid for the sale of labor services, other services and intangible assets in the PRC by overseas entities or individuals. Meanwhile, pursuant to Announcement on the Matters including the Measures for Determining the Tax Basis of Urban Maintenance and Construction Tax (《關於城市維護建設税計税依據確定辦法等事項的公告》) promulgated by the Ministry of Finance and the STA on August 24, 2021, the basis for calculating and levying education surcharges and local education surcharges is consistent with the basis for calculating the urban maintenance and construction tax since September 1, 2021. In conclusion, no urban maintenance and construction tax, education surcharges, and local education surcharges will be levied on value-added tax paid for the sale of intangible assets in China by overseas entities or individuals since September 1, 2021.

On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法》), and the State Council also promulgated the Regulations for the Implementation of the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法實施條例》) on the same date, both of which came into effect on January 1, 2026. At that time, the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值税暫行條例》) was simultaneously repealed.

Income Tax

Individual investor

According to the Income Tax Law and the Regulations on Implementation of the Individual Income Tax Law, the proceeds from the sale of equity interests in PRC-resident enterprise are subject to income tax at a tax rate of 20%.

According to the Notice Concerning Continuing Temporary Exemption From Individual Income Tax on The Income From Stocks Transfer (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知(財税字[1998]61號)》), which was promulgated by the STA and became effective on March 30,1998 that, since 1 January 1997, the individual income tax levied on the individual income from transfer of stocks of listed companies will continue to be temporarily exempted. In the newly revised Income Tax Law, the STA did not clearly stipulate whether to continue to exempt individuals from tax on the income from transfer of stocks of listed companies.

Furthermore, the Notice on Issues Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2009] No. 167) (《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(財稅[2009]167號)》) which was promulgated by the Ministry of Finance, STA and China Securities Regulatory Commission on December 31, 2009, stipulates that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, provided that it excludes the relevant restricted shares as defined in the Supplementary Notice Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (《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(財稅[2010]70號)》) implemented on November 10, 2010. As at the latest practicable date, the aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprise listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise investors

In accordance with the EIT Law and the Implementation Rules for the Enterprise Income Tax Law, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, if it does not have an office or premise established in the PRC or the income derived or accrued has no de facto relationship with the office or premises established, corporate income tax shall be payable by the non-resident enterprise for income derived from or accruing in the PRC. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer shall act as the withholding agent. The tax amount for each payment made or due shall be withheld by the withholding agent from the amount paid or payable. The withholding tax may be reduced pursuant to applicable treaties or agreements on avoidance of double taxation.

Stamp Duty

In accordance with the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated by the SCNPC on June 10, 2021 and came into effect on July 1, 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the territory of PRC, or entities and individuals who issue taxable certificates and conduct securities transactions outside the territory of PRC to be used within the territory of the PRC shall be subject to stamp duty.

Estate Duty

As at the latest practicable date, no estate duty is levied within the PRC.

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 our company.

Profit Tax

No profit tax is imposed in Hong Kong in respect of the sale of H shares. However, trading profits from the sale of the H shares by persons carrying on any industry, profession or business in Hong Kong, where such profits are derived from or arise in Hong Kong from such industry, profession or business will be subject to Hong Kong profits tax. Trading profits from sales of the H shares effected on the Hong Kong 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 profits from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong. The trading profits from sales of the H shares for certain categories of taxpayers are likely to be regarded as deriving trading profits rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Shareholders should take advice from their own professional advisers as to their particular tax position.

Currently, the profit tax rate for the first HK$2 million of assessable profits of an incorporated company is 8.25%, and profits above such amount is subject to a tax rate of 16.5%. The profit tax rate for the first HK$2 million of assessable profits of an unincorporated company is 7.5%, and profits above such amount is subject to a tax rate of 15%.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for 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 any Hong Kong securities, including H shares (in other words, a total of 0.20% 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.

AFRC Transaction Levy

The AFRC Transaction Levy was applicable to all sale and purchase of securities at 0.00015% per side with effect from January 1, 2022, which will be regarded as one of the transaction costs.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

PRC FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange regulation according to relevant laws and regulations, including the Law of the People's Republic of China on the People's Bank of China (《中華人民共和國中國人民銀行法》), which was promulgated by the SCNPC on December 27, 2003 and came into effect on February 1, 2004. 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》) (the "**Foreign Exchange Control Regulation**"), which was promulgated by the State Council on August 5, 2008, the SAFE and its branches are empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulatory regulations. The Foreign Exchange

Control Regulations classifies that all international payments and transfers into current items and capital items and clearly states that no restriction will be imposed on international current payments and transfers.

On June 20, 1996, the People's Bank of China (the "**PBOC**") promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (Yin Fa [1996] No. 210) (《結匯、售匯及付匯管理規定(銀發[1996]210號)》), which formulated in order to standardize the settlement, sale and payment of foreign exchange and to achieve the convertibility of renminbi under current account items.

According to the Announcement on Improving the Reform of the Renminbi (the PBOC Announcement [2005] No. 16) (《關於完善人民幣匯率形成機制改革的公告(中國人民銀行公告[2005]第16號)》), issued by the PBOC on July 21, 2005 and effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each business day, as the central parity of the currency against Renminbi transactions on the following business day.

Starting from January 4, 2006, pursuant to the Announcement on Improving the Interbank Spot Foreign Exchange Market (the PBOC Announcement [2006] No. 1) (《關於進一步完善銀行間即期外匯市場、改進人民幣匯率中間價形成方式有關事宜(中國人民銀行公告[2006]第1號)》), the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, the PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On July 1, 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by promulgated the Notice on Administration of Exchange Rates Traded on Interbank Foreign Exchange Market and Exchange Rates Quoted by Banks (Yin Fa [2014] No.188) (《關於銀行間外匯市場交易匯價和銀行掛牌匯價管理有關事項的通知(銀發[2014]188號)》), which authorizes the China Foreign Exchange Trade System (the "**CFETS**") to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations that are used as samples to calculate the central parity of the RMB against the USD on that day using the weighted average of the remaining market makers' offered quotations after excluding the highest and lowest quotations, and announce the central parity of the RMB against currencies such as the USD at 9:15 a.m. on each working day. On August 11, 2015, the PBOC further announced to improve the central parity quotations of RMB against the USD by authorizing market makers to provide central parity quotations to the CFETS before the interbank foreign exchange market opens every day with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

According to the Foreign Exchange Control Regulation, foreign exchange receipts and payments under current account items shall be based on true and legitimate transactions. Financial institutions engaging in conversion and sale of foreign currencies shall, pursuant to the provisions of the foreign exchange control department of the State Council, carry out reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments. The foreign exchange control authorities shall have the right to carry out supervision and inspection of such matters.

The Decisions on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《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)》), which was promulgated by the State Council and came into effect on October 23, 2014, cancelled the approval requirement of SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

Pursuant to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Raised by Domestic Enterprises Listed Overseas (《中國人民銀行 國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), which was issued by the People's Bank of China and SAFE and came into effect on April 1, 2026, a domestic enterprise that conducts an overseas listing shall, within thirty (30) working days from the first trading day of the overseas listing or the completion of the over-allotment option, apply to a bank within the province or the separately-listed municipality where it is registered for overseas listing registration. In principle, funds raised by domestic enterprises through overseas listings shall be remitted back to the territory in a timely manner. Where such funds are retained overseas for the conduct of overseas direct investment, overseas securities investment, overseas lending and other businesses, the domestic enterprise shall obtain the approval or filing documents from the business competent authorities before the date of completion of the overseas issuance or the over-allotment option, and shall comply with relevant cross-border funds administration provisions. The purposes of funds raised through an overseas listing shall be consistent with the relevant contents set out in publicly disclosed documents.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (《關於進一步簡化和改進直接投資外匯管理政策的通知(匯發[2015]13號)》), which was promulgated by SAFE on February 13, 2015 and became effective on June 1, 2015, and partially repealed on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment shall be directly handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement of 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)》) which was promulgated by SAFE and became effective on June 9, 2016, foreign currency earnings in capital account entitled to discretionary settlement (including the foreign exchange capital, foreign debts and repatriated funds raised through overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange discretionary settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of SAFE in due time in accordance with international revenue and expenditure situations.

According to the Notice on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (Hui Fa [2020] No. 8) (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知(匯發[2020]8號)》) which was issued by SAFE and became effective on April 10, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital, foreign debts and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis. The handling bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.