

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

OVERVIEW OF TAX IMPLICATIONS OF THE PRC

Taxation on Dividends

Individual [REDACTED]

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》) (the “**IIT Law**”) which was promulgated on September 10, 1980, latest amended on August 31, 2018 and came into effect on 1 January 2019, and the Regulations for the 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》) that was latest amended on December 18, 2018 and came into effect on 1 January 2019, dividends paid by Chinese companies to individual investors are generally subject to a withholding tax at a flat rate of 20%. In addition, according to the Notice 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》) issued on September 7, 2015, where an individual acquires stocks of a listed company from public offering of the company or from the stock transfer market and holds the stocks for more than one year, the income from dividends is exempted from individual income tax; if the individual holds the stocks for one month or less, the income from dividends is fully taxable; if the individual holds the stocks for one month to one year (one year inclusive), 50% of the income from dividends is taxable; The aforesaid income is subject to an individual income tax at a flat rate of 20%. In fact, the withholding tax rate for dividends of non-resident individuals may be lower than 20% under certain circumstances.

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徵稅和防止偷漏稅的安排》) 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 Special Administrative Region (HKSAR) (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable. If an HKSAR 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 (《國家稅務總局關於第五議定書》) effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

Enterprise [REDACTED]

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》) (the “**EIT Law**”), which came into effect as of January 1, 2008 and was latest amended 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》), which came into effect as of January 1, 2008 and was latest amended in December, 2024, the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected to such establishment or premises in the PRC. The aforesaid enterprise income tax may be reduced pursuant to applicable treaties to avoid double taxation. Such withholding tax for non-resident enterprises are deducted at source, where the

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payer of the income are required to withhold the enterprise income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular of the State Administration of Taxation 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 (《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》) which was issued by the State Administration of Taxation on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on dividends paid to H Share shareholders of overseas non-resident enterprise for 2008 and subsequent years. In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Received by Non-resident Enterprise from Holding Stock such as B-shares (《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》) which was issued by the State Administration of Taxation 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 of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable. 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徵稅和防止偷漏稅的安排》) signed on August 21, 2006, Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall 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 (《國家稅務總局關於第五議定書》) effective on December 6, 2019 states that such provisions shall not apply to those arrangements or transactions, of which the main purpose includes gaining such tax benefit. 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定股息條款有關問題的通知》).

Tax Treaties

Non-PRC resident [REDACTED] residing in countries which have entered into treaties for the avoidance of double taxation with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/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 income tax treaties or arrangements are required to apply to the PRC tax authorities for a refund of the withholding tax in excess of the agreed tax rate.

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Pursuant to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (the “Circular 36”), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the

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services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 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 revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer.

Income Tax

Individual [REDACTED]

According to the IIT Law and its implementation rules, gains realized on the sale of equity interests in the PRC-resident enterprises are subject to the individual income tax at a rate of 20%. Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Declaring that Individual Income Tax Continues to be Exempted over Income from Transfer of Shares by Individuals (《財政部及國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued on March 30, 1998 and effective from January 1, 1997, income of individuals from the transfer of shares of listed enterprises shall continue to be exempted from individual income tax.

On December 31, 2009, the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Restricted Shares (《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》) which states that individuals' income from transferring at Shanghai Stock Exchange or Shenzhen Stock Exchange the shares of a listed company acquired from the public offerings of the company or from the transfer market shall continuously be exempted from the 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 Restricted Shares (《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》) jointly issued by the three aforementioned authorities on November 10, 2010.

As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-resident individuals on the sale of shares of PRC-resident enterprises listed on overseas stock exchanges.

Enterprise [REDACTED]

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income does not have actual connection with such establishment or premises. Such income tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the enterprise income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. The withholding tax may be reduced or exempted pursuant to relevant treaties or agreements on avoidance of double taxation.

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Stamp Duty

Pursuant to the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花稅法》) effective as of July 1, 2022, PRC stamp duty only applies on specific proof executed or received within the PRC and with legally binding force in the PRC, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H shares by non-PRC investors outside of the PRC.

PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law and its implementation rules, enterprise income taxpayers shall include resident and non-resident enterprises. Resident enterprise refers to an enterprise that is established within China, or is established under the law of a foreign country (region) but whose actual institution of management is within China. Non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not within China but has offices or establishments within China; or which does not have any offices or establishments within China but has incomes sourced from China. The rate of enterprise income tax shall be 25%. Qualified small low-profit enterprises are given the reduced enterprise income tax rate of 20%.

Enterprises that are recognized as high-tech enterprises in accordance with the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high-tech enterprise qualification shall be three years from the date of issuance of the certificate of high-tech enterprise. The enterprise can re-apply for such recognition as a high-tech enterprise.

Value-added Tax

Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which was promulgated by the SCNPC on December 25, 2024 and became effective on January 1, 2026, entities and individuals (including sole proprietorships) engaging in selling goods, services, intangible assets and immovable properties within the territory of the PRC, as well as the importation of goods, are taxpayers of value-added tax and shall pay value-added tax in accordance with the provisions of the law.

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

According to the Announcement on Value-added Tax and Consumption Tax Policies for Export Business (《關於出口業務增值稅和消費稅政策的公告》) promulgated by the Ministry of Finance and the State Taxation Administration on January 30, 2026, export goods, cross-border sales of services and intangible assets that satisfy the prescribed conditions are eligible for value-added tax and consumption tax exemption and refund policies. The announcement further sets out the applicable scope, tax exemption and refund methods, administration requirements

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and relevant procedures for export tax refund and exemption, and provides that the applicable export tax refund rates shall be implemented in accordance with relevant tax regulations and catalogues promulgated by the competent tax authorities.

REGULATIONS ON FOREIGN EXCHANGE

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 authority of the People’s Bank of China, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The SAFE issued the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “SAFE Circular 19”) on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《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》) (the “SAFE Circular 16”), which was amended on December 4, 2023, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was amended on December 4, 2023, or SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《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》), or SAFE Circular 8, issued by SAFE in April 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 funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance

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with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to substantial uncertainties given they are issued regulations.

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 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.

Taxes for Securities Holders

The income tax and the capital gains tax 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 the relevant laws and policies or constitute any opinions or suggestions. The discussion does not address all of the possible tax consequences associated with 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 implications of the H Shares. The discussion is based on the laws and the relevant interpretations in force as of the Latest Practicable Date. All the laws and relevant interpretations are subject to changes and may have retrospective effect.

The discussion does not address any PRC tax issues other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective [REDACTED] should consult their tax advisors regarding the Chinese and other tax implications of holding and disposing of H-shares.