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 residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, it has not taken into consideration the expected changes or amendments to the relevant laws or policies, and does not constitute any opinion or suggestion. The discussion does not deal with all possible tax consequences resulting from the investment in relevant H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all laws and relevant interpretations may be subject to change and may have retrospective effect.

No issues on PRC or Hong Kong taxation other than income tax, capital gains tax and profit tax, business tax/value-added tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

A. Taxation on Dividends

1. Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was issued on 10 September 1980, most recently amended on 31 August 2018 and came into effect on 1 January 2019, as well as the Implementation Provisions 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》), which was issued on 28 January 1994, most recently amended on 18 December 2018 and came into effect on 1 January 2019 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to an individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Notice on the Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) (《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》 (財稅[2015]101號)) issued by the Ministry of Finance on 7 September 2015 and came into effect on 8 September 2015, for shares of listed companies obtained by individuals via public offerings and market transfer, if held for more than one year, the income from dividends thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via public offerings and market transfer, if held for less than one month (including one month), the income from dividends thereof shall be fully included in the individual's taxable income amount; if held for a period from one month up to one year (including one year), 50% of the income from dividends shall be included in the individual's taxable income amount. The aforesaid income shall be subject to individual income tax based on 20% tax rate on a unified basis.

Pursuant to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the SAT and came into effect on 28 June 2011, for a domestic non-foreign invested enterprise who has been issuing shares in Hong Kong, its foreign individual shareholders may enjoy the relevant preferential tax treatment according to the taxation agreement between the PRC and the country where they reside and the taxation arrangement between the PRC and Hong Kong (or Macau). When domestic non-foreign invested enterprises, which issue stocks in Hong Kong, in general, it will withhold 10% of the dividends and profits as individual income tax and no applications are needed. Where the individuals who receive the dividends and bonuses are residents of countries where the agreed tax rate is lower than 10%, the withholding agent may, according to the requirement, handle the applications for refund the extra tax upon the approval of competent tax authorities. Where the individuals are residents of countries where the agreed tax rate is higher than 10% but lower than 20%, the withholding agent shall withhold the individual income tax according to the agreed actual tax rate when paying the dividends and bonuses and no applications are needed in such cases. Where the dividend receiving individuals are residents of countries which have not established tax treaties with China or other circumstances exist, the withholding agent shall withhold the individual income tax based on the rate of 20% when paying dividends and bonuses.

Pursuant to 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 (《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 for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income**") signed on 21 August 2006 and came into effect on 8 December 2006, the 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 the total dividends paid. Where a Hong Kong resident directly holds 25% or more of the share capital interest in a PRC resident company, then such tax shall not exceed 5% of the total dividends payable by the PRC resident company. Pursuant to 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 the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》(第五議定書)) (the "**Fifth Protocol**") signed on 19 July 2019 and came into effect on 6 December 2019, such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to the Notice on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) issued by the Ministry of Finance and the SAT on 13 May 1994 and came into effect on the same day, overseas individuals are temporarily exempted from the individual income tax for dividends and bonuses received from foreign-invested enterprises.

2. Enterprise Investors

Pursuant to the requirements under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued on 16 March 2007, most recently amended on 29 December 2018 and came into effect on the same day, and the Regulation on the Implementation of 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》) issued on 6 December 2007, most recently amended on 6 December 2024 and came into effect on 20 January 2025 (hereinafter collectively referred to as the "**EIT Law**"), a resident enterprise shall pay EIT on its income derived from sources within or outside China, and the EIT rate is 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on income derived in the PRC (including dividends received from a PRC resident enterprise which shares are listed in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its income from the PRC has no real connection with such establishment or premise. The aforesaid income tax payable by non-resident enterprises are deducted at source and the payer shall be the withholding agent. The income tax shall be withheld from the payment by the withholding agent. Such withholding tax may be reduced or exempted under applicable treaties for the avoidance of double taxation.

Pursuant to the requirements under the Notice on the STA on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the STA and came into effect on 6 November 2008, a PRC resident enterprise must withhold EIT at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, pursuant to the requirements under the Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (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)) issued by the STA and came into effect on 24 July 2009, any PRC resident enterprise listed on any overseas stock exchange must withhold EIT at a rate of 10% on the dividends of 2008 and onwards distributed to non-resident enterprises. The aforesaid tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with a country or region, where applicable.

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC Government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entities), but such tax shall not exceed 10% of the total amount of dividends payable by the PRC company. Unless a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. Pursuant to the requirements under the Fifth Protocol, the provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Although there may be other provisions under the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵稅和防止偷漏稅的安排》), 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 the arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the arrangement. The execution of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice on the State Administration of Taxation on the Issues Concerning the Execution 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》).

3. Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into treaties or arrangements for the avoidance of double taxation 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 Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

B. Taxation on Share Transfer

Value-added Tax and Local Additional Tax

Pursuant to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) issued on 25 December 2024 and came into effect on 1 January 2026, and the Implementation Regulations of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》) issued on 25 December 2025 and came into effect on 1 January 2026, entities and individuals that transfer goods or ownership of real estate at a consideration, provide services at a consideration, transfer ownership or right to use of intangible assets at a consideration within China, and import goods, shall pay the value-added tax. The VAT tax rate is 13%, 9%, 6% or nil.

Pursuant to the Notice on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)) issued by the Ministry of Finance and the SAT on 23 March 2016 and most recently amended on 1 January 2026, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. It 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. However, individuals who transfer financial products are exempt from VAT. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-PRC resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT taxpayers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge, which shall usually equal to 12% of the effective VAT payable (if any).

C. Income Tax

1. Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Notice on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (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稅的通知》(財稅字[1998]61號)) issued by the Ministry of Finance and the STA and came into effect on 30 March 1998, from 1 January 1997, income of individuals from transfer of the shares of listed companies continues to be exempted from individual income tax. The STA has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest IIT Law in force.

According to the requirements under the Announcement of the MOF and the SAT about the Catalogue of Preferential Individual Income Tax Policies with Continued Effect (《財政部、稅務總局關於繼續有效的個人所得稅優惠政策目錄的公告》) issued and implemented by the Ministry of Finance and the STA on 29 December 2018, the Notice on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) will remain effective.

In addition, the Ministry of Finance, the STA and the CSRC jointly issued the Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks 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)) on 31 December 2009, which was implemented on 1 January 2010. It stated 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 individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks 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)) jointly issued and implemented by such departments on 10 November 2010). As of the Latest Practicable Date, the aforesaid requirements have not expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

2. Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% 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 premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source and the payer shall be the withholding agent. The income tax shall be withheld from the payment by the withholding agent. Such tax may be reduced under relevant tax treaties or agreements on the avoidance of double taxation.

D. Stamp Duty

Pursuant to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) issued on 10 June 2021 and came into effect on 1 July 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the relevant requirements under the Stamp Tax Law of the PRC shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

E. Estate Duty

Currently, no estate duty has been levied in the PRC under the PRC laws.

Foreign Exchange Control of the PRC

Renminbi is the lawful currency of the PRC, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange, with the authorization 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 control regulations.

Pursuant to the Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) issued on 29 January 1996, most recently amended on 1 August 2008 and came into effect on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. Current account items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital account items, overseas organisations and overseas individuals making direct investments in the PRC shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account items are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

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 was issued by the People's Bank of China on 20 June 1996 and came into effect on 1 July 1996, removes other restrictions on convertibility of foreign exchange under current account items, while imposing existing restrictions on foreign exchange transactions under capital account items.

Pursuant to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》) issued by the People's Bank of China and came into effect on 21 July 2005, the PRC has started 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 since 21 July 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The People's Bank of China 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 working day, as the central parity of the currency against Renminbi transactions 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 account item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. 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 (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

Pursuant to the Decisions of the State Council on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)) issued by the State Council and implemented on 23 October 2014, the approval requirement of the 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 was cancelled.

Pursuant to the Notice on the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Management Policies for Direct Investment (Hui Fa [2015] No.13) (《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》(匯發[2015]13號)) issued on 13 February 2015, came into effect on 1 June 2015 and amended on 30 December 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks. The SAFE and its branches shall perform indirect regulation over the direct foreign exchange registration via banks.

Pursuant to the Notice on the State Administration of Foreign Exchange on Revolutionizing and Regulating Capital Account Settlement Management Policies (Hui Fa [2016] No.16) (《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》 (匯發[2016]16號)) issued by the SAFE on 9 June 2016 and most recently amened on 4 December 2023, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by 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 settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

Pursuant to the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (Hui Fa [2017] No. 3) (《關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3號)) issued by the SAFE on 26 January 2017 and came into effect on the same day, the scope of settlement for domestic foreign exchange loans was further expanded, allow settlement for domestic foreign exchange loans with export background under goods trading; allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization; allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones; and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's revenue in the audited financial statements of the preceding year.

Pursuant to the Notice on Further Facilitating Cross-Board Trade and Investment (Hui Fa [2019] No. 28) (《關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)) issued by the SAFE on 23 October 2019 and most recently amended on 4 December 2023, restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises were cancelled. Meanwhile, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by -item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

Pursuant to the Notice on the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (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)) issued by the SAFE on 10 April 2020 and came into effect on the same day, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital items, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Pursuant to the Notice on Issues Concerning the Administration of Funds of Domestic Enterprises Listed Overseas (Yin Fa [2025] No. 252) (《關於境內企業境外上市資金管理有關問題的通知》(銀發[2025]252號)) issued by the People's Bank of China and the SAFE on 24 December 2025 and came into effect on 1 April 2026, domestic enterprises listed overseas shall apply for overseas listing registration at banks in its place of registration within 30 working days from the first trading day of their overseas listing or upon the completion of the overallotment. In principle, proceeds from an overseas listing of a domestic company shall be remitted to the domestic account in a timely manner; for proceeds from an overseas listing of a domestic company remitted to the PRC in foreign currency, it shall be remitted to the capital item settlement account for deposit and withdrawal and may be settled and used at discretion; for proceeds remitted in Renminbi, it shall be remitted to capital item settlement account or domestic Renminbi bank account for deposit and withdrawal.