TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax 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 laws and practices, and has not taken into account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special rules. Therefore, you should consult your tax advisor regarding the tax implications of investing in H shares. The discussion is based on laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspect of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty, and estate duty. Prospective investors should consult their financial advisors regarding the tax implications in PRC, among others, of owning and disposing of H shares.

MAINLAND PRC TAXATION

Enterprise income tax

In accordance with the "Enterprise Income Tax Law of the People's Republic of China (2018 Amendment)" (《中華人民共和國企業所得稅法(2018修正)》) and the "Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (2024 Revision)" (《中華人民共和國企業所得稅法實施條例(2024修訂)》), enterprises established in the territory of China according to law, or enterprises established under the laws of a foreign country (region) but whose actual management body is within the territory of China, shall pay enterprise income tax on their income derived from both within and outside the territory of China. The enterprise income tax rate is 25%. Qualified small low-profit enterprises shall be subject to enterprise income tax at a reduced rate of 20%. High-tech enterprises that are key enterprises supported by the State shall be subject to enterprise income tax at a reduced rate of 15%.

Value-added tax

According to the Interim Regulations of the People's Republic of China on Value-Added Tax (2017 Revision) (《中華人民共和國增值稅暫行條例(2017修訂)》) and the "Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-Added Tax (2011 Revision)" (《中華人民共和國增值稅暫行條例實施細則(2011修訂)》), units and individuals selling goods or providing processing, repair, and maintenance services, selling services, intangible assets, real estate, and importing goods within the territory of China are taxpayers of value-added tax.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), for taxpayers engaging in VAT taxable sales or importing goods, the original applicable rates of 17% and 11% are adjusted to 16% and 10% respectively. For taxpayers purchasing agricultural products, the original applicable deduction rate is adjusted from 11% to 10%. Taxpayers who purchase agricultural products for the production and sale of goods subject to a 16% tax rate or for entrusted processing shall calculate the input tax amount based on a 12% deduction rate. For export goods originally subject to a 17% tax rate and a 17% export tax refund rate, the export tax refund rate has been adjusted to 16%. For export goods and cross-border taxable activities to which a tax rate of 11% was originally applicable and the export rebate rate was 11%, the export rebate rate is adjusted to 10%.

According to the Announcement on Policies Related to Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (Announcement No. 39 of 2019 by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs), for VAT general taxpayers (hereinafter referred to as "**taxpayers**") engaging in VAT taxable sales or importing goods, the original applicable rates of 16% and 10% are adjusted to 13% and 9% respectively. For taxpayers purchasing agricultural products, the original applicable deduction rate is adjusted from 10% to 9%. Taxpayers who purchase agricultural products for the production and sale of goods subject to a 13% tax rate or for entrusted processing shall calculate the input tax amount based on a 10% deduction rate. For export goods originally subject to a 16% tax rate and a 16% export tax refund rate, the export tax refund rate has been adjusted to 13%. For export goods and cross-border taxable activities to which a tax rate of 10% was originally applicable and the export rebate rate was 10%, the export rebate rate is adjusted to 9%.

According to the Interim Regulations of the People's Republic of China on Value-Added Tax (2017 Revision) (《中華人民共和國增值稅暫行條例(2017修訂)》), the tax rate for taxpayers selling services and intangible assets is 6%, unless otherwise stipulated.

In addition, the Standing Committee of the 14th National People's Congress promulgated the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》)》), on 25 December 2024, which will take effect from 1 January 2026.

TAXATION ON DIVIDENDS

Individual investors

According to the Individual Income Tax Law of the People's Republic of China (2018 Amendment) (《中華人民共和國個人所得稅法》) and the Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (2018 Revision) (《中華人民共和國個人所得稅法實施條例》), income from interest, dividends, and bonuses is subject to a proportional tax rate of 20%.

According to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on 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》) (Cai Shui [2015] No. 101), for individual investors holding shares of listed companies obtained from public offerings and the transfer market for more than one year, the individual income tax on dividend and bonus income shall be temporarily exempted. For individual shareholders who obtain shares of listed companies from public offerings and the transfer market, if the shareholding period is within one month (including one month), their dividend and bonus income shall be fully included in the taxable income; if the shareholding period is more than one month but not exceeding one year (including one year), 50% of their dividend and bonus income shall be temporarily included in the taxable income; the aforementioned income shall be subject to individual income tax at a uniform rate of 20%. When distributing dividends, listed companies will not withhold individual income tax for personal shareholdings within one year (including one year); when individuals transfer their shares, the securities registration and settlement company will calculate the tax payable based on their shareholding period, and securities companies and other share custodians will deduct and transfer the amount from the individual's capital account to the securities registration and settlement company. The securities registration and settlement company shall transfer the amount to the listed company within 5 working days of the following month, and the listed company shall declare and pay the tax to the competent tax authority within the statutory declaration period of the month in which the tax is received.

Pursuant to the Arrangement between the Mainland 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》), signed on 21 August 2006 and effective from 8 December 2006, the PRC government may levy taxes on dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities), in an amount not exceeding 10% of the total dividends payable by the PRC company; however, if the Hong Kong resident directly owns at least 25% of the capital of the company paying the dividends, the amount shall not exceed 5% of the total dividends payable by the PRC company.

Pursuant to the Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Offshore Non-resident Enterprise Holders of H Shares (《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》) (Guo Shui Han [2008] No. 897), when PRC resident enterprises distribute dividends for 2008 and subsequent years to offshore non-resident enterprise holders of H shares, enterprise income tax shall be uniformly withheld and paid at a tax rate of 10%.

Enterprise investors

In accordance with the Enterprise Income Tax Law of the People's Republic of China (2018 Amendment) (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (2024 Revision) (《中華人民共和國企業所得稅法實施條例》), non-resident enterprises that have not established an institution or a place of business in China, or that have established an institution or a place of business but the income derived therefrom has no actual connection with such institution or place of business, shall pay enterprise income tax on their income sourced from within China. Generally, enterprise income tax shall be paid on income sourced from within China (including dividends paid by PRC resident enterprises whose shares are issued and listed in Hong Kong) at a reduced rate of 10%. Income tax payable by non-resident enterprises shall be subject to withholding at source, with the payer acting as the withholding agent. Such withholding tax shall be withheld by the withholding agent from the amount paid or amount due and payable upon each payment or payment due and payable.

Tax Treaty

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 PRC corporate income tax imposed on the dividends received from PRC companies. Non-resident enterprises enjoying preferential tax rates under relevant tax treaties or arrangements must apply to the PRC tax authorities for a refund of enterprise income tax exceeding the treaty tax rate. The refund application shall be subject to verification by the PRC tax authorities.

TAXATION INVOLVED IN SHARE TRANSFER

Enterprise investors

According to the Enterprise Income Tax Law of the People's Republic of China (2018 Amendment) (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (2024 Revision) (《中華人民共和國企業所得稅法實施條例》), non-resident enterprises that have not established an institution or establishment in China, or that have established an institution or establishment but the income obtained is not effectively connected with such institution or establishment, shall pay enterprise income tax on their income sourced from China. Generally, enterprise income tax shall be paid at a reduced rate of 10% on income sourced from China (including gains from the disposal of equity in PRC resident enterprises). Income tax payable by non-resident enterprises shall be subject to withholding at source, with the payer acting as the withholding agent. Such withholding tax shall be withheld by the withholding agent from the amount paid or amount due and payable upon each payment or payment due and payable. The tax may be reduced or exempted in accordance with the tax treaty or agreement for the avoidance of double taxation.

Individual investors

According to the Individual Income Tax Law of the People's Republic of China (2018 Amendment) (《中華人民共和國個人所得稅法》) and the Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (2018 Revision) (《中華人民共和國個人所得稅法實施條例》), income from interest, dividends, and bonuses is subject to a proportional tax rate of 20%.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Continued Temporary Exemption of Individual Income Tax on Income from Individual Transfer of Shares (《財政部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》) (Cai Shui Zi [1998] No. 61), starting from 1 January 1997, individual income tax on income derived by individuals from the transfer of shares of listed companies shall continue to be temporarily exempted.

According to the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Issues Concerning the Levy of Individual Income Tax on Income from Transfer of Restricted Shares of Listed Companies (《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) and the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Income from Transfer of Restricted Shares of Listed Companies (《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), effective from 1 January 2010, income derived by individuals from the transfer of restricted shares shall be subject to individual income tax at a proportional tax rate of 20% under "income from asset transfer". Individual income derived from the transfer of shares of listed companies obtained from public offerings and the transfer market on the Shanghai Stock Exchange and Shenzhen Stock Exchange shall continue to be exempt from individual income tax.

As of the Latest Practicable Date, the aforesaid provision has not expressly stipulated whether individual income tax shall be levied on individuals transferring shares of PRC resident enterprises listed on overseas stock exchanges.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》), the disposal of H shares by non-PRC investors outside China remains exempt from the relevant provisions of the Stamp Duty Law of the People's Republic of China.

Estate Duty

China currently does not levy any estate duty.

Tax policies for Shanghai-Hong Kong Stock Connect

Pursuant to the Notice on Tax Policies Concerning the Pilot Program of Shanghai-Hong Kong Stock Market Connect (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81) issued by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission, individual mainland investors are temporarily exempt from individual income tax on capital gains derived from investments in Hong Kong Stock Exchange-listed shares through Shanghai-Hong Kong Stock Connect, effective from 17 November 2014 to 16 November 2017. The income from the transfer price difference obtained by corporate investors of the mainland of China investing in stocks listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect is included in their total income and enterprise income tax is levied on such income in accordance with the law. For dividends obtained by individual mainland investors from investment in H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share company shall apply to

China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as ChinaClear), which will then provide the H-share company with the register of individual mainland investors, and the H-share company shall withhold individual income tax at the rate of 20%. For dividends obtained by individual mainland investors from investing in non-H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect, ChinaClear shall withhold individual income tax at the rate of 20%. Individual investors who have paid withholding tax abroad may apply for tax credits at the competent tax authorities in China with valid tax deduction certificates. For the dividends and bonuses obtained by mainland securities investment funds from investing in shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect, individual income tax will be levied pursuant to the provisions mentioned above. The income from dividends obtained by mainland enterprise investors investing in stocks listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect is included in their total income, and enterprise income tax shall be levied in accordance with the law. Among them, dividends received by mainland Chinese resident enterprises that have continuously held H-shares for 12 months shall be exempted from enterprise income tax in accordance with the law. H-share companies listed on the Stock Exchange should submit an application to China Securities Depository and Clearing Corporation Limited (CSDC). CSDC will then provide the H-share companies with a register of mainland enterprise investors. H-share companies will not withhold income tax on dividends obtained by mainland enterprise investors, and the tax payable shall be declared and paid by the enterprises themselves. When mainland enterprise investors file and pay enterprise income tax themselves, they may apply for a tax credit in accordance with the law for the income tax on dividends that has been withheld by non-H-share listed companies on the Stock Exchange.

According to the Announcement on the Continuation of the Individual Income Tax Policy for the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, and Mutual Recognition of Funds between the Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) (Ministry of Finance, State Taxation Administration, China Securities Regulatory Commission Announcement No. 23 of 2023), the individual income tax policies concerning the continuation of the Shanghai-Hong Kong Stock Connect (hereinafter referred to as Shanghai-Hong Kong Stock Connect), Shenzhen-Hong Kong Stock Connect (hereinafter referred to as Shenzhen-Hong Kong Stock Connect), and Mutual Recognition of Funds between the Mainland and Hong Kong (hereinafter referred to as Mutual Recognition of Funds) are hereby announced as follows: I. Individual income tax will continue to be temporarily exempted on capital gains derived by mainland individual investors from investments in shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, and on capital gains derived from the trading of Hong Kong fund units through mutual recognition of funds. II. This announcement is effective until 31 December 2027.

Foreign exchange

The legal currency of China is Renminbi. The State Administration of Foreign Exchange is authorized by the People's Bank of China to manage all matters related to foreign exchange, including the enforcement of foreign exchange regulations.

According to the Regulations of the People's Republic of China on Foreign Exchange Administration (2008 Revision) (《中華人民共和國外匯管理條例》), all international payments and transfers are classified into current account and capital account items. PRC does not restrict current international payments and transfers. Foreign exchange income of PRC enterprises under current accounts may be retained or sold to financial institutions engaged in foreign exchange settlement and sale business in accordance with relevant state regulations. Foreign exchange receipts from capital account transactions, whether retained or sold to financial institutions engaged in foreign exchange settlement and sale business, must be approved by the foreign exchange administration authority, unless otherwise stipulated by the State.

In accordance with the Regulations for the Administration of Settlement, Sale, and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (Yin Fa [1996] No. 210), the remaining restrictions on current account foreign exchange convertibility are abolished, while existing restrictions on capital account foreign exchange transactions are retained.

According to relevant PRC laws and regulations, if PRC enterprises (including foreign-invested enterprises) require foreign exchange for current account-related transactions, they may make payments from their foreign exchange accounts at designated foreign exchange banks with valid receipts and transaction vouchers, without the need for approval from the State Administration of Foreign Exchange. Where a PRC enterprise is required to pay dividends in foreign exchange to its shareholders (such as our Company) in accordance with relevant regulations, it may make such payment from its foreign exchange account or through a designated foreign exchange bank, in accordance with the resolution on profit distribution passed by its board of directors or shareholders' meeting.

According to the Decision of the State Council on Canceling and Adjusting a Batch of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which became effective in 2014, the State Council has canceled the approval by the State Administration of Foreign Exchange and its branches for matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds under overseas-listed foreign shares.

According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), the State Administration of Foreign Exchange and its branches and the Foreign Exchange Management Department (hereinafter referred to as the "**Foreign Exchange Bureau**") shall supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies. Domestic companies shall, within 15 working days from the completion date of their overseas listing and issuance, register with the foreign exchange bureau at their place of registration for overseas listing. Domestic companies (excluding banking financial institutions) shall, based on the overseas listing business registration certificate, open a "Domestic Company Overseas Listing Special Foreign Exchange Account" at a domestic bank for their initial public offering (or additional issuance) and repurchase business, and handle the foreign exchange conversion and transfer of funds for related businesses. A Domestic Company (other than banking financial institutions) shall open a corresponding account for exchange settlement and payment with the opening bank of its Domestic Company Overseas Listing Special Foreign Exchange Account to deposit RMB funds from the settlement of the Domestic Company Overseas Listing Special Foreign Exchange Account, proceeds from overseas listing repatriated in RMB form, and remitted funds for repurchase of overseas shares and the surplus of the funds transferred for repurchase in RMB form.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control 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》) (Hui Fa [2016] No. 16), the foreign exchange gains under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised 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 domestic institutions for business operations. Where there are restrictive provisions in the current regulations regarding the settlement of foreign exchange capital account income of domestic institutions, such provisions shall prevail. The proportion of discretionary settlement for capital account foreign exchange income of domestic institutions is provisionally set at 100%. The State Administration of Foreign Exchange may adjust the above-mentioned ratios in due course based on the international collection and payments situation.

In accordance with the Notice of the State Administration of Foreign Exchange on Further Advancing the Reform of Foreign Exchange Administration and Improving the Review of Authenticity and Compliance (《國家外匯管理局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》) (Hui Fa [2017] No. 3), the scope of foreign exchange settlement for domestic foreign currency loans has been expanded. Allowing domestic foreign exchange loans with a background in goods trade export to be settled. Funds under overseas loans under domestic guarantee are allowed to be repatriated for use in China. To implement full-scope management of offshore loans in both local and foreign currencies. For domestic institutions conducting overseas lending business, the combined outstanding balance of local currency overseas loans and foreign currency overseas loans shall not exceed 30% of their owner's equity as per the audited financial statements of the previous year.