TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the 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 in to 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 the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon 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 aspects of PRC taxation other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective [**REDACTED**] are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

TAXATION IN MAINLAND CHINA

Tax on Dividends

Individual Investors

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税法》) (the "**IIT Law**"), latest amended by the Standing Committee of the National People's Congress (the "SCNPC") on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to Notice on Issues Relating to 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税政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation (the "STA") and the China Securities Regulatory Commission (the "CSRC") on September 7, 2015 and effective on September 8, 2015, for shares of listed companies obtained by individuals via public offerings and market transfer and held for more than one year, the income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via public offerings and market transfer and held for less than one month (including one month), the income from dividends and bonuses thereof shall be fully included in the individual's taxable income amount; where the shares are held for a period from one month up to one year (including one year), 50% of the income from dividends and bonuses therefrom shall temporally 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 Arrangement between the Mainland 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税和防止偷漏税的安排》), signed by the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity),

but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner off the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol of the State Taxation Administration to the Arrangement between the Mainland 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 (《國家税務總局關於<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) (the "**Fifth Protocol**"), issued by the STA and effective on December 6, 2019, provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**") promulgated by the SCNPC, latest amended and became effective on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), latest amended by the State Council on December 6, 2024 and became effective on January 20, 2025, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance off double taxation.

Pursuant to 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 (《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税有關問題的通知》) issued by the STA and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a flat rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) promulgated by the State Administration of Taxation on July 24, 2009 and implemented from the same day further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

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. Non-resident enterprises entitled to preferential tax rates in accordance with the relevant taxation 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.

Tax on Gains from Share Transfer

Individual Investors

According to the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular of the Ministry of Finance and the State Taxation Administration on Declaring that Individual Income Tax Continues to Be Exempted over Individual Income Tax from Transfer of Shares (Cai Shui Zi [1998] No. 61) (《財政部、國家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (the "**Circular 61**") issued by the Ministry of Finance and SAT on March 30, 1998, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax. According to Announcement of the Ministry of Finance and the State Taxation Administration on the Catalog of Preferential Individual Income Tax Policies with Continued Effect (《財政部、國家税務總局關於繼續有效的個人所得税優惠政策目錄的公告》) issued by the Ministry of Finance and the STA on December 29, 2018, the Circular 61 will continue to be effective.

However, the Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》), jointly issued by the Ministry of Finance, SAT and CSRC and effective on December 31, 2009, states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and of shares listed 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 (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) jointly issued and implemented by relevant departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, 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. Such income tax payable for non-resident enterprises are 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. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Taxation Policy of Shanghai-Hong Kong Stock Connect

Under the Notice of the Ministry of Finance and the State Taxation Administration and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《財政部、國家税務總局、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税收政策的通知》) which came into effect on November 17, 2014, for dividends and bonus obtained by mainland individual investors investing in H shares listed on the Hong Kong Stock Exchange (the "**HKSE**") through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to the China Securities Depository and Clearing Corporation Limited (the "**CSDC**") for provision by CSDC to the H-share companies register of individual investors in Mainland China, and the H-share companies shall withhold individual income tax at the rate of 20%.

Income from share dividend derived by Mainland China corporate investors from investment in shares listed on the HKSE through the Shanghai-Hong Kong Stock Connect shall be included in their total income and be subject to enterprise income tax pursuant to the law. Income from share dividend derived by a Mainland China resident enterprise for holding H shares over 12 consecutive months shall be exempted from enterprise income tax pursuant to the law. The H shares company is not required to withhold income tax on share dividend for its Mainland China corporate investors, and the corporate investors shall make declaration and payment for the tax payable amount voluntarily.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China 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税政策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

Taxation Policy of Shenzhen-Hong Kong Stock Connect

Under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》) which came into effect on December 5, 2016, the income from the transfer price difference obtained by domestic enterprises investing in stocks listed on the Hong Kong Stock Exchange via the Shenzhen — Hong Kong Stock Connect is included in their total income, and subject to the enterprise income tax according to law. For dividends and bonus income obtained by mainland individual investors investing in H shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for provision by CSDC to the H-share companies register of individual investors in Mainland China, and individual income tax shall be withheld by H-share companies at the tax rate of 20%.

Income from dividends and bonuses derived by a corporate investor in Mainland China from investment in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall be included in the total income amount, and subject to enterprise income tax pursuant to the law. Income from dividends and bonuses derived by a Mainland China resident enterprise for H shares held for 12 months consecutively shall be exempted from enterprise income tax pursuant to the law. The H-share company shall not withhold income tax on dividends and bonuses for corporate investors in Mainland China, and the tax payable amount shall be declared and paid by the corporate investor.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China 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税政策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花税法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, 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.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

MAJOR TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law and its implementation rules, all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the STA on April 14, 2008, amended on January 29, 2016 and became effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (《財政部、國家税務總局關於小微企業和個體工商戶所得税優惠政策的公告》), which was promulgated on March 26, 2023, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (《財政部、國家税務總局關於進一步支持小微企業和個體工商戶發展有關税費政策的公告》), which was promulgated on Aug 2, 2023, the taxable income of a small low-profit enterprise shall be calculated at the reduced rate of 25%, and the policy of payment of enterprise income tax at the rate of 20% shall continue to be implemented until December 31, 2027.

Value-added Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council, and last revised and became effective on 19 November 2017, and the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance, and last revised on 28 October 2011 and effective on 1 November 2011, all entities and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC are taxpayers of value-added tax (the "**VAT**") and shall pay VAT. Unless stated otherwise, for payers who sell or import goods, and provide processing, repairs and replacement services in the PRC, the tax rate shall be 17%, and be, in certain specified circumstances, 11%, 6% and 0%.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) which was promulgated on 4 April 2018 and came into effect on 1 May 2018, the original rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the original rates of 16% or 10% applicable to the general VAT payers' sales activities or imports goods that are subject to VAT are adjusted to 13% or 9%, respectively.

On 25 December 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稅法》) ("**VAT Law"**), which came into effect on 1 January 2026, and the Provisional Regulations of the PRC on Value-Added Tax will be repealed concurrently. Pursuant to the VAT Law, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

Preferential Tax Policy for the Integrated Circuit Industry

As listed in the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (《軟件企業和集成電路企業稅費優惠政策指引》) issued by the STA in May 21, 2022, the integrated circuit industry enjoys a variety of tax preferences. The integrated circuit design, equipment, materials, packaging and testing enterprises encouraged by the State, for example, can enjoy regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

According to the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (Guo Fa [2020] No. 8) (《國務院關於印發新時期促進集成電路產業和軟件產業高質

量發展若干政策的通知》) (國發[2020]8號) (the "**No. 8 Notice**") and the Announcement on Enterprise Income Tax Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》) jointly promulgated by the Ministry of Finance, the STA, the NDRC and the MIIT, the integrated circuit design, equipment, materials, packaging and testing and software enterprises encouraged by the State are exempted from enterprise income tax during the first year and the second year from the profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the State shall be exempted from enterprise income tax during the first year to the fifth year since the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. Notice of the National Development and Reform Commission and Other Departments on Making Relevant Requirements for the List of Integrated Circuit Enterprises or Projects and Software Enterprises Entitled to Preferential Tax Policies for 2024 (《國家發展改革委等部門關於做好2024年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知》), on the basis of the No. 8 Notice, makes detailed description of the conditions and project standards for enterprises that enjoy preferential tax policy.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The State Administration of Foreign Exchange (the "SAFE"), authorized by the People's Bank of China (the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on August 5, 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may without the approval of the SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group 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》) promulgated by the State Council and effective on October 23, 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control Pertaining to 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》) promulgated by the SAFE on December 26, 2014, the State Administration of Foreign Exchange, its branches and foreign exchange administration departments (the "**SAFE**") shall supervise, manage and inspect the business registration, account opening and utilization, cross-border income and expenditure, and fund exchange of domestic companies involved in overseas listing. A domestic company shall complete registration formalities for overseas listing with the SAFE's local branch at its place of registration within 15 working days from completion of issuance for its overseas listing. If a domestic shareholder of a domestic company intends to increase or reduce its overseas shareholding in accordance with the relevant provisions after the company has been listed overseas, he/she shall apply for registration of overseas shareholding with the local foreign exchange authority with relevant materials within 20 working days before the proposed increase or reduction. Domestic companies (except banking financial institutions) shall, with the certificate of registration for overseas listing business, open a "**special foreign exchange account for overseas listing of domestic companies**" with a domestic bank for their initial offering (or additional offering) and repurchase business, in order to handle the exchange and transfer of funds for the relevant business. Funds raised from overseas listing of a domestic company may be repatriated to China or deposited overseas, and the usage of funds shall be consistent with the relevant contents set out in the publicly disclosed documents such as the document or the corporate bonds offering documentation, shareholders' circular and the board of directors or shareholders' general meeting resolution.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Streamlining and Improving Foreign Exchange Administration Policies of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on February 13, 2015 and implemented from June 1, 2015, the State Administration of Foreign Exchange has cancelled the approval of foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment. Instead, banks will directly review and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment (the "**foreign exchange registration of direct investment**") in accordance with the Notice and the "**Operational Guidelines for Direct Investment Foreign Exchange Business**" (《直接投資外匯業務操作指引》). The State Administration of Foreign Exchange and its branches will indirectly supervise direct investment foreign exchange registration through banks.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the 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》) promulgated by the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account for the time being. The SAFE may adjust the aforesaid proportion in due time in light off the balance of payment.