

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of [REDACTED] of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which [REDACTED] 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, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an [REDACTED] in the H Shares, nor does it take into account the specific circumstances of any particular [REDACTED], some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [REDACTED] in the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, all of which are subject to change and may have retrospective effect.

This discussion does not address any aspects of the PRC taxation other than income tax, capital tax, stamp duty and estate duty. Prospective [REDACTED] are urged to consult their financial advisers regarding the PRC and other tax consequences of [REDACTED] and [REDACTED] of H Shares.

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was latest amended on August 31, 2018 and 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 latest amended on December 18, 2018 and came into effect on January 1, 2019 (collectively referred to as the “**IIT Law**”), dividends distributed by PRC enterprises are subject to a PRC withholding 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 a withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Notice of the SAT on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of the Document Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[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 on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the amount which is over withheld will be refunded. For the individual holders of H shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested

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enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or otherwise, the non-foreign invested enterprise is required to withhold the tax at a rate of 20%.

Enterprise Investors

In accordance with the EIT Law (《中華人民共和國企業所得稅法》) effective as at December 29, 2018 and the Regulations on the Implementation of EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》) amended and came into effect on December 6, 2024, 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 place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place in the PRC. The withholding tax may be reduced pursuant to applicable treaties for the avoidance of double taxation. Such income tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《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), which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends of 2008 and onwards. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived 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》) (Guo Shui Han [2009] No. 394) which was issued by the SAT on July 24, 2009 and effective on the same date, 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 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 August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. Pursuant to the Fourth Protocol of the SAT to the Arrangement between the Mainland and Hong Kong

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Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於所得避免雙重徵稅和防止偷漏稅的安排>第四議定書》) effective as at December 29, 2015, the above-mentioned provisions are not applicable to any arrangement which is primarily made for the purpose of obtaining the above taxation benefits.

Additionally, the application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT 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》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Investors who are not PRC residents and reside in countries which have entered into avoidance of double taxation treaties with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC has entered into arrangements for the avoidance of double taxation with a number of countries and regions including but not limited to Hong Kong, Macau, 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, and the refund payment is subject to approval by the PRC tax authorities.

Taxation on Share Transfer

Value-added Tax (“VAT”) and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to VAT (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (hereinafter referred to as “**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 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. 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

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China, the holder may be required to pay the PRC VAT. However, in view of no clear regulations, whether the non-PRC resident enterprises are required to pay the PRC VAT for the disposal of H shares, there is still uncertainty in the interpretation and application of the above provisions.

Income tax

Individual Investors

According to the IIT Law, gains realized on the sale of equity interests in PRC resident enterprises are subject to the income tax at a rate of 20%.

Pursuant to the Circular of the MOF and SAT on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the 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) issued by the MOF and SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. SAT 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 amended IIT Law.

However, on December 31, 2009, the MOF, SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《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), which provides that individuals' income from transferring listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for certain shares which are subject to sales limitations 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 Shares Subject to Sales Limitation (《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). As at the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the transfer of shares of PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, 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 place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place. Such income

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tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《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》) promulgated by the MOF, the SAT and the CSRC on 31 October 2014 and effective on 17 November 2014, transfer spread income derived by enterprises in the PRC from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in the PRC from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in the PRC to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《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》) which promulgated by the MOF, the SAT and the CSRC on 21 August 2023 and implemented on the same day, the transfer spread income derived by individual investors in the PRC from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December, 2019 to 31 December, 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《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》), dividends derived by enterprise investors in the PRC from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. Pursuant to which, dividend income obtained by resident enterprises in the PRC from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in the PRC. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

Pursuant to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) issued on June 10, 2021 and effective on July 1, 2022, PRC stamp duty only applies to documents executed or received within the PRC, having legally binding force in the PRC and protected

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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.

PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as “**enterprises**”) within the territory of the PRC are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that 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 income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income within the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

VAT

According to the Provisional Regulations 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 on December 13, 1993, and latest amended on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC 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 MOF on December 25, 1993 and latest amended on October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax. The tax rate for taxpayers engaging in sale of services shall be 6% and the tax rate for taxpayers engaging in sale of goods shall be 17%, unless otherwise stipulated. With the VAT reforms in the PRC, the rate of VAT has been changed several times.

On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which will become effective on January 1, 2026, and the Provisional Regulations of the PRC on Value-Added Tax will be abolished.

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Pursuant to the Implementation Rules of Pilot Reform for Transition from Business Tax to VAT (《營業稅改徵增值稅試點實施辦法》) which was promulgated on March 23, 2016, and latest amended on March 20, 2019, unless otherwise provided in the implementation rules, taxpayers incurring taxable activities are generally subject to a 6% VAT. The Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and SAT on April 4, 2018 and became effective as of May 1, 2018 adjusted the applicative rate of VAT, and the deduction 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 Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (Announcement [2019] No. 39 of the MOF, SAT and General Administration of Customs), promulgated by MOF, SAT and General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administration Regulations**”), which last amended on August 5, 2008. The Foreign Exchange Administration Regulations clearly states that the State will not impose any restriction on international payments and transfers under the current account items.

Additionally, the Foreign Exchange Administration Regulations have made substantial changes to the foreign exchange supervision system of the PRC. First, it has adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. Second, it has improved the mechanism for determining the RMB exchange rate based on market supply and demand. Third, it has enhanced the monitoring of cross-border foreign currency fund flows. In the event that revenues and costs in connection with international transactions suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures. Fourth, it has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to SAFE to enhance its supervisory and administrative powers.

On June 20, 1996, PBOC promulgated the Provision on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》) (the “**Settlement Regulations**”) which became effective on July 1, 1996. The Settlement Regulations abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

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

Starting from January 4, 2006, PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On July 1, 2014, PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD of the current day, which shall be finally decided on the weighted average of the prices of all market makers after excluding the highest and lowest quotations, and announce it at 9:15 a.m. on each working day. On August 11, 2015, PBOC announced to improve the central parity quotations of RMB against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trade System with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

According to relevant PRC laws, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of SAFE, effect payment for their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipts and proof. Foreign-invested 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 the Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting approving the distribution of profits, effect payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《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 canceled the approval requirement by the SAFE and its branches for the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

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On December 26, 2014, the SAFE issued the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of 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), pursuant to which a domestic company shall, within 15 working days from the date of the end of its overseas listing issuance, register the overseas listing with the SAFE’s local branch at the place of its incorporation; and the proceeds from an overseas listing may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

On February 13, 2015, the SAFE issued the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for 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》) (Hui Fa [2015] No. 13), which came into effect on June 1, 2015. The Notice cancels the foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, and requires the banks to review and carry out foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment directly. SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

According to the Notice of the SAFE on Revolutionizing and Regulating Capital Account Settlement Management Policies (《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) which was promulgated by the SAFE and implemented on June 9, 2016, 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.