

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

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 resident or other tax provisions. 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 investment 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 [REDACTED] in the H Shares. The discussion is based upon laws and relevant interpretations in effect as at the Latest Practicable Date, all of which are subject to change and may have retrospective effect.

The following discussion does not address any aspects of PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/value-added tax, stamp duty and estate duty. Prospective [REDACTED] are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of holding and sale of H Shares.

The PRC Taxation

Taxation on dividends

Individual investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (hereinafter referred to as the “**Individual Income Tax Law**”) that was promulgated on September 10, 1980 and amended on August 31, 2018 by the Standing Committee of the 13th NPC, and came into effect on January 1, 2019, 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》), that were amended by the State Council on December 18, 2018 and came into effect on January 1, 2019, dividends paid by Chinese companies to individual investors are generally subject to a withholding tax at a flat rate of 20%. In addition, according to the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《財政部、國家稅務總局、證監會關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance (the “**MOF**”), the State Taxation Administration (the “**SAT**”) and the China Securities Regulatory Commission (the “**CSRC**”) on September 7, 2015, where an individual acquires stocks of a listed company from public offering or from the stock transfer market and holds the stocks for more than one year, the income from dividends is exempt from individual income tax; if the individual holds the stocks for not more than one month (inclusive), the income from dividends is fully taxable; if the individual holds the stocks for more than one month and up to one year (inclusive), 50% of the income from dividends is taxable; The aforesaid income is subject to an individual income tax at a flat rate of 20%. In fact, the withholding tax rate for dividends of non-resident individuals may be lower than 20% under certain circumstances. However, according to the Circular of the MOF and the SAT on Issues Concerning Individual Income Tax Policies (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》), the income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise is exempt from individual income tax for the time being. On February 3, 2013, the State Council approved and promulgated the Notice of the State Council on Approving and Relaying the Several Opinions of the National Development and Reform Commission and Other Departments on Deepening Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Notice of the General Office of the State Council on Deepening the Division of Key Work for Income Distribution System Reform (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals’ tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the SAT. According to the Notice of the SAT on Issues Concerning Taxation and Administration of

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Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 45) (《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 to overseas resident individuals in the jurisdiction of the tax treaty, normally 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 the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount 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 enterprise is required to withhold the tax at the agreed rate under the agreements, 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 in other situations, the non-foreign-invested enterprise is required to withhold the individual income tax at a rate of 20%.

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》) signed on August 21, 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a resident of the Hong Kong Special Administrative Region (including natural person and legal entity), but such tax will not exceed 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, such tax will not exceed 5% of the total dividends payable by the Chinese company. 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) effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

Corporate investors

According to the Enterprise Income Tax Law that was amended and came into effect on December 29, 2018, and the Implementation Provisions 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》) that were amended on December 6, 2024 and came into effect on January 20, 2025, where a non-resident enterprise has not set up any institutions or establishments in China, or it has done so, but its income generated in China is irrelevant to the said institutions or establishments, it shall pay tax on the portion of its income generated in China (including dividends received from a PRC resident enterprise whose shares are issued and listed in Hong Kong) and the enterprise income tax rate is generally 10%. The aforesaid income tax payable by a non-resident enterprise must be withheld at source. The payer of the income is the withholding obligator. The withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation.

The Notice of the SAT on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Distributed by PRC Resident Enterprises to Overseas H-share Holders Which Are Non-resident Enterprises (《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》) that was promulgated by the SAT and came into effect on November 6, 2008, further clarifies that with regard to dividends distributed from profits generated after January 1, 2008, PRC resident enterprises must withhold and pay enterprise income tax at a tax rate of 10% on dividends distributed to H-share non-PRC resident enterprise shareholders. The Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (《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》) that was promulgated by the SAT on July 24, 2009, further provides that any PRC resident enterprise listed on any overseas stock exchange must withhold enterprise income tax at a rate of 10% on dividends distributed to

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non-PRC resident enterprise shareholders. The above-mentioned tax rate may be further adjusted pursuant to the tax treaty or agreement that China has concluded with the relevant jurisdiction, where applicable.

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》) signed on August 21, 2006, the Chinese government may impose tax on dividends paid by a Chinese 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 Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, such tax shall not exceed 5% of the total dividends payable by the Chinese company. 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) effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. The application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the 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議股息條款有關問題的通知》).

Tax treaties

Non-PRC resident investors residing in countries that have entered into agreements for the avoidance of double taxation with China or residing in Hong Kong or Macau Special Administrative Region are entitled to preferential tax rates on dividends received by such investors from the Chinese companies. China has entered into arrangements for the avoidance of double taxation with Hong Kong and Macau Special Administrative Region, respectively, and has entered into treaties for the avoidance of double taxation with certain other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise entitled to a preferential tax rate under a relevant income tax treaty or arrangement may apply to China tax authorities for a refund of the difference between the amount of tax withheld and the amount of tax calculated according to the agreement rate.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Agreements (《非居民納稅人享受協議待遇管理辦法》), which was promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax agreements through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

Taxes on income from transfer of equity

VAT and local surcharges

Pursuant to the Circular on Comprehensively Promoting the Pilot Programme of the Collection of VAT in Lieu of Business Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (the "Circular 36"), promulgated by the MOF and the SAT on March 23, 2016 and as amended on July 11, 2017, January 1, 2018, March 20, 2019 and October 17, 2025, respectively, the entities and individuals that sell services, intangible assets or real estates within the territory of the PRC are value-added taxpayers, and shall pay value-added tax instead of business tax. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to value-added tax at a rate of 6% on the taxable income.

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Meanwhile, the taxpayers of value-added tax are also subject to urban maintenance and construction tax, education surcharge and local education surcharge.

Income tax

Individual investors

According to the Individual Income Tax Law and its implementation regulations, individuals shall pay the individual income tax at the rate of 20% on their income from the sale of equity in PRC resident enterprises. Pursuant to the Circular of the Declaring that Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares (《財政部及國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (hereinafter referred to as “**Circular 61**”) that was promulgated by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares of listed companies remain exempt from individual income tax. According to the Announcement about the Catalogue of Preferential Individual Income Tax Policies with Continued Effect (《財政部、國家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》) promulgated by the MOF and the SAT on December 29, 2018, the Circular 61 will remain effective.

According to 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》) promulgated by the MOF, the SAT and the CSRC on December 31, 2009, individuals’ income from transferring at Shanghai Stock Exchange or Shenzhen Stock Exchange the shares of a listed company acquired from the public offerings of the company or from the public trading market shall continuously be exempt from the individual income tax, except for the relevant shares which are subject to sales restriction as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed 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》) jointly issued by the three aforementioned authorities on November 10, 2010.

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

Corporate investors

According to the EIT Law and its implementation regulations, where a non-PRC resident enterprise has not set up any institutions or establishments in China, or it has done so but its income generated in China is irrelevant to the said institutions or establishments, it shall pay tax on the portion of its income generated in China (including gains from the disposal of shares of PRC resident enterprises) and the enterprise income tax rate is generally 10%. Such income tax may be reduced or eliminated under applicable tax treaties or arrangements.

Stamp duty

In accordance with the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) that was promulgated on June 10, 2021 and came into effect on July 1, 2022, the entities and individuals that conclude taxable certificates, or conduct securities transactions within the territory of the PRC shall be taxpayers of stamp tax, and shall pay stamp tax in accordance with the provisions of this law. Where entities or individuals, outside the territory of the PRC, conclude taxable certificates that are used within the territory of the PRC, they shall pay stamp tax in accordance with the provisions of this law.

Estate duty

As at the date of this document, China currently has not imposed any estate tax.

Hong Kong Taxation

Tax on dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

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Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of the H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

PRINCIPAL TAXATION OF OUR GROUP IN THE PRC

Enterprise income tax

According to the EIT Law, the EIT rate in China is 25% and is in line with the rate applicable to foreign-invested enterprises and foreign enterprises.

According to the Notice on the Implementation of Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (《財政部、稅務總局關於實施小微企業普惠性稅收減免政策的通知》) that was promulgated by the MOF and the SAT on January 17, 2019, for the period from January 1, 2019 to December 31, 2021, for the portion of annual taxable income of a small low-profit enterprise that is not more than RMB1 million, 25% of such amount shall be included in its taxable income, with the applicable enterprise income tax rate of 20%; and for the portion of annual taxable income that is more than RMB1 million but not more than RMB3 million, 50% of such amount shall be included in its taxable income, with the applicable enterprise income tax rate of 20%.

According to the Administrative Measures for Recognition of High and New-Technology Enterprises (《高新技術企業認定管理辦法》) that was promulgated by the Ministry of Science and Technology of the PRC, the MOF and the SAT on April 14, 2008, amended on January 29, 2016 and came into effect on January 1, 2016, high and new-tech enterprises can apply for a preferential enterprise income tax rate of 15% in accordance with the EIT Law.

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Value-added tax

Pursuant to the Provisional Regulations on VAT of the PRC (《中華人民共和國增值稅暫行條例》) that were amended and came into effect on November 19, 2017, all entities and individuals engaged in sales of goods, provision of processing, repairs and replacement services, or import of goods within the territory of China are subject to VAT. For taxpayers selling or importing goods, except as otherwise provided in the above regulations, the general tax rate is 17%.

Pursuant to the Circular 36 that promulgated by the MOF and the SAT on March 23, 2016 and came into effect on May 1, 2016, upon approval of the State Council, the pilot programme of replacing business tax with VAT will be promoted nationwide from May 1, 2016. All taxpayers of business tax in the construction industry, the real estate industry, the financial industry, and the living service industry are included in the scope of the pilot programme. The payment of business tax will be replaced by the payment of VAT. Pursuant to the Measures for the Implementation of the Pilot Programme of Replacing Business Tax with VAT (《營業稅改徵增值稅試點實施辦法》) that was issued and came into effect at the same time with the aforementioned notice, the tax rates applied to taxpayers for selling services, intangible assets or real estates are 17%, 11%, 6% and zero, respectively.

Pursuant to the Notice on Adjusting VAT Rates (《關於調整增值稅稅率的通知》) that was promulgated by the MOF and the SAT on April 4, 2018 and came into effect on May 1, 2018, for taxpayers engaging in taxable sales or import of goods, the previously applicable VAT rates of 17% and 11% are adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) that was promulgated by the MOF, the SAT and General Administration of Customs of the PRC on March 20, 2019 and came into effect on April 1, 2019, for taxpayers engaging in taxable sales or import of goods, the previously applicable VAT rates of 16% and 10% are adjusted to 13% and 9%, respectively.

In addition, according to the Announcement on Clarifying the VAT Exemption Policy for Small-scale VAT Taxpayers (《關於明確增值稅小規模納稅人免徵增值稅政策的公告》) promulgated by the MOF and the SAT on March 31, 2021, small-scale VAT taxpayers with monthly sales less than RMB150,000 (inclusive) are exempt from VAT from April 1, 2021 to December 31, 2022.

Foreign Exchange Control in the PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Control Regulations which was promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was subsequently amended on January 14, 1997 and August 5, 2008 and the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) which was promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loans or investment in securities outside China unless prior approval of the SAFE or its local counterparts is obtained.

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According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at financial institutions that carries business of foreign exchange settlement and sale by presenting valid documentation. 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 may, on the strength of resolutions of the Board of Directors or the shareholders' general meetings on the distribution of profits, effect payment from foreign exchange accounts or with the purchased foreign exchange at designated foreign exchange banks.

On December 26, 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange 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》), pursuant to which a domestic company shall, within 15 working days upon the end of its overseas public offering, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials. Funds raised by a domestic company through overseas listing may be repatriated to or deposited outside the PRC, and the use of such funds shall be consistent with the relevant contents set out in the publicly disclosed documents.

On February 13, 2015, the SAFE issued the Notice of on Further Simplifying and Improving Policies for the Foreign Exchange Administration 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》), which came into effect on June 1, 2015. The notice has cancelled the approval of foreign exchange registration under domestic direct investment and the approval of foreign exchange registration under overseas direct investment. Instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its local offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Circular of the SAFE on Reforming and Regulating Policies for the Administration 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》) issued by the SAFE on June 9, 2016, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts 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 the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the above proportion in due time according to international balance of payments.