

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of H shares are subject to the laws and practices of the PRC and of jurisdictions in which holders of H shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, 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 investors, 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 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 investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of 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 (the “IIT Law”), last amended by the NPC Standing Committee on 31 August 2018 and effective from 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the People’s Republic of China amended by the State Council on 18 December 2018 and effective from 1 January 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 the 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稅政策有關問題的通知》) issued by the MOF, the STA and the CSRC on 7 September 2015 and effective from 8 September 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 (inclusive), 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 (inclusive), 50% of the income from dividends and bonuses thereof shall temporarily 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 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 (the “Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income”), signed by the Mainland of China and the Hong Kong Special Administrative Region on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal person), 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 of 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 of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the

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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對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) (the “Fifth Protocol”), issued by the STA and effective from 6 December 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 People’s Republic of China (the “EIT Law”) issued by the NPC Standing Committee, last amended on 29 December 2018 and effective from the same date and the Implementation Regulations for the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》) last amended by the State Council on 6 December 2024 and effective from 20 January 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. The tax shall be withheld by the withholding agent, upon each payment or when payment becomes due, from the amount paid or due and payable. Such tax may be subject to reduction or exemption pursuant to an applicable treaty for the avoidance of 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稅有關問題的通知》) issued by the STA and effective from 6 November 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal person), 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 the equity interests 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 amount of 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 enterprise income tax imposed on the dividends received from PRC companies. Non-resident enterprises entitled to preferential tax rates in accordance with the relevant tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

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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 MOF and STA on Extending the Temporary Exemption of Individual Income Tax on Income Derived from 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) (“Circular 61”) issued by the MOF and the STA on 30 March 1998, from 1 January 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax. According to the Announcement of the MOF and STA on the Catalog 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》) issued by the MOF and the STA on 29 December 2018, Circular 61 will continue to be effective.

However, on 31 December 2009, the MOF, the STA 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 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》), with effect from 1 January 2010, which provides that individuals’ income from transferring the shares of a listed company acquired from the public offerings of the company or from transferring the shares listed on the Shanghai Stock Exchange or 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 Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals 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》) jointly promulgated by the relevant departments on 10 November 2010 and effective from the same date). As of the Latest Practicable Date, the aforesaid provisions have 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.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it 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. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer of the income shall withhold the income tax from the amount payable to the non-resident enterprises. Such tax may be subject to reduction or exemption pursuant to an applicable tax treaty or agreement for the avoidance of double taxation.

Taxation Policy of Shanghai-Hong Kong Stock Connect

According to the Notice of the MOF, the STA and the CSRC on Relevant Taxation Policy Regarding the Pilot Program of Shanghai-Hong Kong Stock 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), which came into effect on 17 November 2014, for dividends and bonus obtained by mainland individual investors investing in H shares listed on the Hong Kong Stock Exchange (the “Hong Kong Stock Exchange”) through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to China Securities Depository and Clearing Corporation (the CSDCC) for provision of the register of mainland individual investors by the CSDCC to the H-share companies, and shall withhold individual income tax at the rate of 20%.

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The income from dividends obtained by mainland enterprise investors investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect is included in their total income, and is subject to enterprise income tax in accordance with the law. Specifically, no enterprise income tax will be imposed according to law for income from dividends obtained by mainland resident enterprises that hold H shares for at least 12 consecutive months. The H-share companies do not need to withhold tax on the income from dividends obtained by mainland enterprise investors, and the tax payable shall be declared and paid by the enterprise investors themselves.

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稅政策的公告》) promulgated on 21 August 2023 and effective from 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 31 December 2027.

Taxation Policy of Shenzhen-Hong Kong Stock Connect

According to the Notice on the Relevant Taxation Policy Regarding the Pilot Program of 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稅收政策的通知》) which came into effect on 5 December 2016, for income from dividends and bonuses obtained by mainland individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to the CSDCC for provision of the register of mainland individual investors by the CSDCC to the H-share companies, and shall withhold individual income tax at the rate of 20%.

The income from dividends and bonuses obtained by mainland enterprise investors investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect is included in their total income, and is subject to enterprise income tax in accordance with the law. Specifically, no enterprise income tax will be imposed according to law for income from dividends and bonuses obtained by mainland resident enterprises that hold H shares for at least 12 consecutive months. The H-share companies do not need to withhold tax on the income from dividends and bonuses obtained by mainland enterprise investors, and the tax payable shall be declared and paid by the enterprise investors themselves.

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 promulgated on 21 August 2023 and effective from the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall continue to be exempted from individual income tax until 31 December 2027.

Stamp Tax

In accordance with the Stamp Tax Law of the People's Republic of China that was issued on 10 June 2021 and came into effect on 1 July 2022, PRC stamp tax only applies to specific taxable documents executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws; therefore, the requirements of the stamp tax 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.

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Estate Duty

As of the date of this document, no estate duty has been levied in China 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 MOF and the STA on 14 April 2008, amended on 29 January 2016 and effective from 1 January 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、國家稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》), which was issued on 26 March 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、國家稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》), which was issued on 2 August 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 remain in force until 31 December 2027.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例》) promulgated by the State Council, last amended on 19 November 2017 and effective from the same date and the Implementation Rules for the Provisional Regulations on Value-added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF, last amended on 28 October 2011 and effective from 1 November 2011, all units and individuals in the territory of the PRC that sell goods, provide processing or repair and replacement services or import goods shall be payers of value-added tax (the “VAT”) and shall pay VAT. Unless otherwise stipulated, the VAT rate is 17% for taxpayers selling or importing goods, or providing processing, repair and replacement services within the territory of the PRC. In certain specific circumstances, the rate may be 11%, 6% or 0%.

In accordance with the Notice of the Ministry of Finance and the State Taxation Administration 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》), issued on 4 April 2018 and effective from 1 May 2018, the VAT rates of 17% and 11% originally applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

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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》) issued by the MOF, the STA and the General Administration of Customs on 20 March 2019 and effective from 1 April 2019, the VAT rates of 16% and 10% originally applicable to the general taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

On 25 December 2024, the NPC Standing Committee issued the Value-added Tax Law of the People’s Republic of China (the “VAT Law”), which will come into effect on 1 January 2026 and replace the Provisional Regulations on Value-added Tax of the People’s Republic of China. According to the VAT Law, entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of VAT, and shall pay VAT in accordance with this law. For taxpayers’ sale of goods, provision of processing, repairs or replacement services or tangible movable property leasing services or import of goods, the tax rate is 13%, unless otherwise stipulated. In certain specific circumstances, the rate may be 9%, 6%, or 0%.

Preferential Tax Policy for the Integrated Circuit Industry

According to 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 on 21 May 2022, the integrated circuit industry enjoys a variety of tax preferences. Enterprises for integrated circuit design, equipment, materials, packaging and testing 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 regular exemption or reduction of the 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 (《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》) (Guo Fa [2020] No. 8) (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 issued by the MOF, the STA, the NDRC and the MIIT, enterprises of 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 from the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. The 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 Renminbi. The State Administration of Foreign Exchange (the “SAFE”), authorized by 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 Administration (《中華人民共和國外匯管理條例》) amended by the State Council on 5 August 2008 and effective from the same date, all international payments and transfers are classified into

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current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under the current account. Foreign exchange receipts of PRC enterprises under the current account may be retained or sold to financial institutions conducting foreign exchange settlement and sale operations in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under the capital account to financial institutions conducting foreign exchange settlement and sale operations 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》) which was issued by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange for current account transactions are abolished while the existing restrictions on foreign exchange operations under the capital account are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) requiring foreign exchange for current account transactions may, without the approval of the SAFE, make payments through foreign exchange accounts opened at designated foreign exchange banks, provided that valid receipts or vouchers for the transactions are produced. Foreign-invested enterprises that need to distribute profits in foreign currency to their shareholders and Chinese enterprises that need to pay fixed dividends in foreign currency according to relevant requirements shall make payments from their foreign exchange accounts or through designated foreign exchange banks 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》) issued by the State Council on 23 October 2014 and effective from the same date, 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 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》) issued by the SAFE on 26 December 2014, a domestic company shall register its overseas listing with the local branch of the State Administration of Foreign Exchange at its place of registration within 15 working days from the date of completion of overseas listing and issuance. 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 document or disclosure documents such as the document for corporate bonds, shareholders’ circular and resolutions of the board of directors or shareholders’ general meeting.

Pursuant to the Circular of the SAFE on the Policies for Reforming and Standardizing Management of 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》) issued by the SAFE on 9 June 2016, domestic institutions may conduct discretionary settlement of foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) with a bank according to relevant policies and their real business needs. The proportion of discretionary settlement of foreign exchange receipts of domestic institutions under the capital account is temporarily 100%. The SAFE may adjust the aforesaid proportion in due time based on the BOP situations.