

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The income tax and capital gains tax for H Share holders are determined according to the laws and customary practices of China and the jurisdiction where the H Share holder is resident or otherwise liable for tax. The following summary of certain relevant tax provisions is based on current laws and practices and does not consider anticipated changes or amendments to relevant laws and policies. This discussion is not intended to cover all tax consequences that may arise from investing in H Shares, nor does it consider the specific circumstances of any individual investor, and some of these circumstances may be subject to special rules. Therefore, you should consult your own tax advisor regarding the tax consequences of investing in H Shares. This discussion is based on laws and relevant interpretations effective as of the Latest Practicable Date, which may change and may have retroactive effect.

The following discussion does not address any aspects of Chinese or Hong Kong taxation other than income tax, capital gains tax, business tax, value-added tax, stamp duty, and estate duty. Prospective investors are urged to consult their financial advisors regarding the Chinese, Hong Kong, and other tax consequences involved in owning and selling H Shares.

CHINA TAXATION

Taxes 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稅法》), most recently revised on 31 August 2018, and the Regulation on the Implementation of the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法實施條例》), most recently revised on 18 December 2018, (collectively the “Individual Income Tax Law”), dividends distributed by Chinese companies to individual investors shall be subject to a uniform 20% personal income tax. For foreign individuals who are not residents of China, dividends received from Chinese enterprises are generally subject to tax at a rate of 20%, unless specifically exempted by the tax authorities of the State Council or reduced under an applicable tax treaty.

According to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》), which became effective on 1 January 2020, non-resident taxpayers enjoying treaty benefits shall follow the procedures of “self-assessment, claiming benefits, and retaining the relevant materials for future inspection.” If non-resident taxpayers determine that they meet the conditions for enjoying treaty benefits, they may claim such benefits when filing their tax returns, or through the withholding agents when making withholding declarations, and simultaneously collect and retain relevant data for future inspection in accordance with the provisions of these Measures, and accept subsequent management by the tax authorities. In cases of withholding at source and designated withholding, if non-resident taxpayers determine that they meet the conditions for enjoying

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treaty benefits and wish to claim such benefits, they shall truthfully complete the Information Reporting Form for Non-resident Taxpayers Claiming Treaty Benefits, proactively submit it to the withholding agent, and collect and retain relevant materials in accordance with relevant regulations.

According 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 21 August 2006, the Chinese government may tax dividends paid by Chinese companies to Hong Kong residents (including natural persons and legal entities), but the tax amount shall not exceed 10% of the gross dividends payable. However, if a Hong Kong resident directly holds 25% or more of the equity in a Chinese company and meets certain conditions as the beneficial owner of the shares, the tax levied shall not exceed 5% of the gross 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 from 6 December 2019, sets out specific standards for determining eligibility for treaty benefits. Under this Protocol, treaty benefits shall not be granted if, after a careful consideration of all relevant facts and conditions, it is reasonable to conclude that obtaining such benefits was one of the principal purposes of an arrangement or transaction, and as a result of the arrangement, direct or indirect benefits under the Arrangement are provided. Unless such benefits are in accordance with the relevant objectives and purposes of the Arrangement.

Furthermore, the application of dividend clauses in tax treaties shall comply with China’s tax laws and regulations, including the guidelines stipulated in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) (《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》).

Corporate Investors

In accordance with 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》) promulgated by the National People’s Congress on 16 March 2007, and most recently amended on 29 December 2018, and the Regulation on the Implementation of 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》) promulgated by the State Council on 6 December 2007, effective from 1 January 2008, and amended on 6 December 2024, the enterprise income tax rate is 25%. Where a non-resident enterprise has not established an institution or place of business within the territory of China, or where it has established such an institution or place of business but the income derived has no actual connection with that institution or place of business, it is generally required to pay enterprise income tax at a rate of 10% on income sourced within the territory of China (including dividends derived from shares issued by

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Chinese resident enterprises). The aforementioned income tax payable by non-resident enterprises shall be subject to withholding at source, where the payer of the income shall withhold income tax from the payments made to non-resident enterprises.

In accordance with 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》), promulgated by the State Taxation Administration on 6 November 2008, when Chinese resident enterprises distribute dividends for the year 2008 and subsequent years to H-share holders which are overseas non-resident enterprises, enterprise income tax shall be withheld and paid at a unified tax rate of 10%. The Reply on the Collection of Enterprise Income Tax on Dividends from B-shares and Other Stocks Obtained by 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》), promulgated by the State Taxation Administration on 24 July 2009 and effective from the same day, further provides that for any Chinese resident enterprise listed on stock exchanges inside or outside China, when distributing dividends for the year 2008 and subsequent years to shareholders which are non-resident enterprises, enterprise income tax shall be withheld and paid at a unified tax rate of 10%. Such tax rate may be further adjusted according to tax treaties or agreements (if applicable) concluded between Chinese government and the relevant country or region.

According 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》) (“the Arrangement”), signed on 21 August 2006, the Chinese government may tax dividends paid by Chinese companies to Hong Kong residents (including natural persons and legal entities), but the tax shall not exceed 10% of the gross dividends payable by the Chinese company, unless a Hong Kong resident directly holds 25% or more of the equity in the Chinese company, in which case the tax shall not exceed 5% of the gross 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, which came into effect on 6 December 2019, introduced additional provisions setting out the standards for eligibility to enjoy treaty benefits. Notwithstanding any other provisions under the Arrangement, no treaty benefits under the standard provisions shall be granted if, after considering all relevant facts and conditions, it is reasonably to conclude that obtaining such benefits was one of the principal purposes of an arrangement or transaction (which would result directly or indirectly in benefits under this Arrangement), unless the granting of such benefits in such circumstances would be in accordance with the relevant purposes and objectives of this Arrangement. The implementation of the dividend provisions of tax treaties shall comply with the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements, and other PRC tax laws and regulations.

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Tax Treaties

Non-resident investors residing in jurisdictions that have entered into a double taxation avoidance agreement or adjustment with China may be entitled to a reduction in Chinese enterprise income tax on dividends received from Chinese companies. China has currently entered into double taxation avoidance agreements or arrangements with various countries and regions, including the Hong Kong Special Administrative Region, the Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. Non-Chinese resident enterprises entitled to preferential tax rates under the relevant income tax treaties or arrangements must apply to the Chinese tax authorities for a refund of any enterprise income tax paid in excess of the applicable treaty rate, and such refund applications are subject to approval by the Chinese tax authorities.

Taxes on Income from Share Transfers

Value-Added Tax and Local Surcharges

According to the guidelines in the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》) (“Notice No. 36”), which came into effect on 1 May 2016, and was subsequently amended on 11 July 2017, 25 December 2017, and 20 March 2019, individuals and entities conducting service transactions within the territory of China are subject to value-added tax (VAT). A “sale of services within the territory of China” is defined as a transaction conducted by a service provider or recipient within the territory of China.

Furthermore, Notice No. 36 stipulates that the transfer of financial products (including the transfer of ownership of marketable securities) is subject to VAT at a rate of 6% on the taxable income. In this case, taxable income refers to the balance of the selling price after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers. Notably, individuals are exempt from VAT obligations when engaging in the transfer of financial products.

In accordance with the above provisions, non-resident individuals who sell or dispose of H-shares are exempt from VAT in China. However, if the holder is a non-resident enterprise, VAT exemption in China is only granted when the buyer of H-shares is an individual or entity located outside China. Conversely, if the buyer of H-shares is an individual or entity located within the territory of China, the holder may be required to pay VAT in China.

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Income Tax

Individual Investors

According to the Individual Income Tax Law, income derived from the transfer of equity in a Chinese resident enterprise is subject to individual income tax at a rate of 20%. According to the Notice on Temporarily Continuing to Exempt Individual Income Tax on Gains from Stock Transfers (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), promulgated by the Ministry of Finance and the State Taxation Administration on 30 March 1998, individual income tax on gains from the transfer of listed company shares has been exempted since 1 January 1997.

On 31 December 2009, the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission jointly issued the Notice on Issues Concerning the Levy of Individual Income Tax on Gains from the Transfer of Restricted Shares of Listed Companies by Individuals (《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》), which came into effect on the same day. The Notice stipulates that gains derived from the transfer of shares listed on the Shanghai Stock Exchange and the Shenzhen Stock, as well as from the transfer market, other than restricted shares (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Gains from the Transfer of Restricted Shares of Listed Companies by Individuals (《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 Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission on 10 November 2010). As of the most recently practicable date, none of the foregoing provisions explicitly provide for the imposition of individual income tax on income derived by non-Chinese resident individuals from the transfer of shares of Chinese resident enterprises listed on overseas securities exchanges.

Corporate Investors

Under the Enterprise Income Tax Law and its Regulation on the Implementation, if a non-resident enterprise has no permanent establishment in China, or has a permanent establishment but its income sourced from China is not effectively connected with that establishment, its income from China (including income from disposing of equity in a Chinese resident enterprise) is generally subject to enterprise income tax at a rate of 10%. Income tax payable by non-resident enterprises is subject to withholding at source, meaning that the income payer must withhold income tax from payments made to the non-resident enterprise. Such tax may be reduced or exempted according to relevant tax treaties or arrangements for the avoidance of double taxation.

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Stamp Duty

According to the Stamp Tax Law of the People’s Republic of China (《中華人民共和國印花稅法》), promulgated on 10 June 2021, and effective from 1 July 2022, entities and individuals who execute taxable documents or engage in securities transactions within the territory of China are taxpayers of stamp duty and shall pay stamp duty in accordance with the Stamp Tax Law of the People’s Republic of China. Therefore, the provisions on stamp duty levied on the transfer of shares in Chinese listed companies do not apply to non-Chinese investors transferring and disposing of H-shares outside China.

Estate Duty

Under Chinese law, there is currently no estate duty levied in China.

Taxes Payable by the Company in China

Please refer to the “**Regulatory Overview**” section in this Document.

Foreign Exchange

RMB is the legal tender of China and is currently subject to foreign exchange controls, preventing its free convertibility into foreign currencies. Authorized by the People’s Bank of China (“PBOC”), the State Administration of Foreign Exchange (SAFE) is empowered to manage all foreign exchange-related matters, including enforcing foreign exchange control regulations.

Pursuant to the Regulations on the Foreign Exchange System of the People’s Republic of China (《中華人民共和國外匯管理條例》) (“Regulations on the Foreign Exchange System”), promulgated by the State Council on 29 January 1996 and effective from 1 April 1996, all international payments and transfers are classified into current account items and capital account items. Most current account items do not require approval from foreign exchange authorities, but capital account items still do. According to the Regulations on Foreign Exchange System, revised on 14 January 1997 and 5 August 2008, China does not impose any restrictions on international payments and transfers under current account items.

The Provisions on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》) (“Provisions on the Settlement”) promulgated by the People’s Bank of China on 20 June 1996, and effective from 1 July 1996, abolished the remaining restrictions on the convertibility of foreign exchange under current account items but imposed the existing restrictions on foreign exchange transactions under capital account items.

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According to the Announcement on Reforming the RMB Exchange Rate Regime (《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 the PBOC on 21 July 2005 and effective on the same date, China has implemented a managed floating exchange rate system based on market supply and demand, adjusted with reference to a basket of currencies since 21 July 2005. Consequently, the RMB exchange rate is no longer pegged to the US dollar. The PBOC will announce the closing price of the RMB against the US dollar and other trading currencies in the interbank foreign exchange market after the close of business each working day, which will serve as the central parity rate for the trading of that currency against the RMB on the next working day.

On 5 August 2008, the State Council promulgated the revised Regulations on the Foreign Exchange System, making significant changes to China’s foreign exchange regulatory system. Firstly, it provides for balanced management of foreign exchange inflows and outflows. Foreign exchange earnings from abroad can be repatriated or kept offshore, and foreign exchange and settled funds under capital account items must be used in accordance with the purposes approved by the relevant competent authorities and foreign exchange administration. Secondly, it refines the RMB exchange rate formation mechanism based on market supply and demand. Thirdly, in cases where a serious imbalance in international payments occurs or is likely to occur, or when a severe crisis in the national economy occurs or is likely to occur, the state may take necessary safeguarding and control measures regarding international payments. Fourthly, it strengthens the supervision and administration of foreign exchange transactions and grants the SAFE broad powers to enhance its supervisory and administrative capabilities.

In accordance with relevant Chinese laws and regulations, Chinese enterprises (including foreign-invested enterprises) requiring foreign exchange for current account item transactions can make payments from foreign exchange accounts opened with designated foreign exchange banks without approval from foreign exchange authorities, provided they furnish valid transaction receipts or vouchers. Foreign-invested enterprises that need foreign exchange to distribute profits to their shareholders, and Chinese enterprises (such as the Company) that need to pay dividends in foreign exchange to their shareholders in accordance with relevant regulations, may, based on the resolution approving profit distribution by the Board of Directors or the general meeting, make payments from foreign exchange accounts opened with designated foreign exchange banks or convert and pay dividends at designated foreign exchange banks.

On 23 October 2014, the State Council promulgated 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》) (Guo Fa [2014] No. 50), and decided to abolish the requirement for the SAFE and its branches to approve the repatriation and settlement into RMB domestic accounts of offshore funds raised under offshore listed foreign shares.

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According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), implemented by the SAFE on 26 December 2014, a domestic company shall, within 15 working days from the completion of its overseas listing and issuance, complete overseas listing registration with the local SAFE branch at its place of registration. Funds raised by a domestic company from an overseas listing may be remitted back to China or retained overseas. But their use shall be consistent with the contents set out in the document and other publicly disclosed documents.

According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by the SAFE on 3 April 2024, in principle, funds raised by domestic companies through overseas listings should be repatriated to China in a timely manner, either in RMB or in foreign currencies. The use of the funds shall be consistent with the relevant matters set out in this Document or in other publicly disclosed documents, including offering circulars for corporate bonds, shareholders’ circulars, and resolutions of the Board of Directors or general meetings. Where domestic companies use funds raised from overseas listings to conduct outbound direct investment, outbound securities investment, overseas lending or other similar activities, they shall comply with the relevant foreign exchange administration regulations.

According to the Notice of the State Administration of Foreign Exchange 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》) (Hui Fa [2015] No. 13), promulgated by the SAFE on 13 February 2015, effective on 1 June 2015, and revised on 30 December 2019, two administrative approval items were abolished: the approval for foreign exchange registration under domestic direct investment and the approval for foreign exchange registration under outbound direct investment. These are now handled directly by banks, which review and process foreign exchange registration for domestic direct investment and outbound direct investment, while the SAFE and its branches exercise indirect supervision over direct investment foreign exchange registration through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration 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》) (Hui Fa [2016] No. 16) promulgated by the SAFE on 9 June 2016, relevant policies have explicitly specified that capital account foreign exchange income subject to voluntary settlement (including foreign exchange capital, foreign debt proceeds and funds repatriated from overseas listings, among others), may be settled at banks in accordance with the actual operational needs of domestic institutions. The provisional ratio for voluntary foreign exchange settlement of capital account foreign exchange income by domestic institutions is set at 100%. The SAFE may, in light of the international balance of payments situation, adjust the above ratio from time to time.

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On 26 January 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of domestic foreign exchange loan settlement, allowing domestic foreign exchange loans with a background of goods trade export to be settled; allowing funds under domestic entity guarantee for outbound loans to be repatriated for domestic use; allowing the settlement of foreign exchange in domestic foreign exchange accounts of overseas institutions within free trade zones; and implementing holistic management of outbound loans in both domestic and foreign currencies, whereby the aggregate outstanding balance of outbound loans in domestic and foreign currencies by domestic institutions engaged in outbound lending business shall not exceed 30% of their owners’ equity as per their audited financial statements of the preceding year.

On 23 October 2019, the SAFE issued the Notice by the State Administration of Foreign Exchange Regarding Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28), which stipulates that, building upon the ability of investment-oriented foreign-invested enterprises to legally conduct domestic equity investment with capital funds, non-investment foreign-invested enterprises are allowed to legally conduct domestic equity investment with capital funds, provided that it does not violate the current Special Administrative Measures for Foreign Investment Access (Negative List) (《外商投資准入特別管理措施(負面清單)》) and the domestic projects invested are authentic and compliant.