

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXES FOR SECURITIES HOLDERS

The income tax and capital gains tax for holders of H Shares shall be subject to the laws and practices or other tax provisions of the PRC and the jurisdictions in which the holders of H Shares reside. The following summary of certain relevant tax provisions is based on current laws and practices, and is subject to change and does not constitute legal or tax advice. The following discussion does not address all of the possible tax consequences associated with an investment in H Shares, nor does it take into account the particular circumstances of any individual investor, some of which may be subject to special rules. Accordingly, you should consult your own tax adviser as to the tax consequences of an investment in H Shares. The following discussion is based on the laws and relevant interpretations in force as of the Latest Practicable Date, which are subject to change and may have retrospective effect.

The following discussion does not address any aspect of mainland China or Hong Kong taxation other than income tax, capital gains and profits tax, business tax/VAT, stamp duty and inheritance tax. Prospective investors are advised to consult their financial advisers as to the mainland China, Hong Kong and other tax consequences of owning and disposing of H Shares.

PRC Taxation

Taxation regarding dividends

Individual investors

Pursuant to the Individual Income Tax Law of the People’s Republic of China (the “**Individual Income Tax Law**”) (《中華人民共和國個人所得稅法》), which was promulgated on September 10, 1980, and amended by the 13th NPC Standing Committee on August 31, 2018 and entered into force on January 1, 2019, as well as the Regulations for 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》), which was amended by the State Council on December 18, 2018 and entered into force on January 1, 2019, dividend paid by PRC companies to individual investors are generally subject to tax withholding at a flat rate of 20%. In addition, pursuant to the Circular of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on Issues Relating to the Differentiated Individual Income Tax Policy on 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 MOF, the SAT and the CSRC on September 7, 2015, for Shares of listed companies acquired by an individual from public offering and transfer of market, the dividend income shall be temporarily exempt from individual income tax for Shares held for more than one year; the dividend income shall be fully included in the taxable income for Shares held for less than one month (inclusive); and the dividend income shall be temporarily reduced by 50% to taxable income for Shares held for more than 1 month and less than 1 year (inclusive). The above income shall be subject to individual income tax at a uniform rate of 20%.

However, pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policy Issues concerning Individual Income Tax (《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 dividends, and bonuses that foreign individuals obtain from foreign-invested enterprises will be temporarily exempted from individual income tax. The State Council approved and issued the Notice on Several Opinions of the National Development and Reform Commission and Other Departments on Deepening the Reform of Income Distribution System Approved and Dispatched by the State Council (《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 3, 2013. The General Office of the State Council issued the Notice of the General Office of the State Council on the Division of Labor in Key Work in Deepening the Reform of Income Distribution System (《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》) on February 8, 2013. Pursuant to the two documents mentioned above, the Chinese Government is planning to abolish the exemption of dividend income from foreign-invested enterprises for foreign individuals from personal income tax, with the MOF and the SAT being responsible for formulating and implementing the details of the plan. However, the MOF and the SAT have yet to promulgate relevant implementation rules or regulations.

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Pursuant to the Circular of the State Administration of Taxation on Issues Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 Document (《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 an individual residing outside the jurisdiction of the tax treaty, generally withhold individual income tax at the rate of 10%. For individual holders of H Shares receiving dividends who are residents of countries that have signed tax agreements with China 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 to enjoy the lower preferential tax treatments. Upon approval by the tax authorities, the excessive withholding amount will be refunded. For individual holders of H Shares receiving dividends who are residents of countries that have signed tax agreements with China with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise shall withhold the individual income tax at the effective tax rate under the agreement without the need to apply for such tax rate. For individual holders of H Shares receiving dividends who are residents of countries without tax agreements with China and under other circumstances, non-foreign-invested enterprises shall 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 a tax on dividends payable by a Chinese company to a HKSAR resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, the tax levied 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), which entered into force on December 6, 2019, provides that the above provisions do not apply to relevant arrangements or transactions entered into with one of the primary purposes of obtaining the above tax benefits.

Corporate investors

Pursuant to 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》) (the "Enterprise Income Tax Law") amended and entered into force on December 29, 2018 and the Regulations for 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》) amended on December 6, 2024 and entered into force on January 20, 2025, where non-resident enterprises have not formed permanent establishments or premises within the territory of the PRC, or where they have formed permanent establishments or premises within the territory of the PRC but there is no actual relationship between the relevant income derived in the PRC and the establishments or premises set up by them, they shall be subject to enterprise income tax in respect of its income derived from sources within the PRC (including dividends received from PRC resident enterprises that have issued and listed Shares in Hong Kong), generally at a rate of 10%. The income tax payable by a non-resident enterprise shall be withheld at source, and the payer shall be the withholding agent. The withholding tax may be waived under the applicable convention to avoid double taxation.

The Circular of the State Administration of Taxation on Issues Relating to the Withholding and Payment of the Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas Non-resident Enterprise Shareholders of H Shares (《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》), which was issued by the SAT and entered into force on November 6, 2008, further clarified that, in respect of the dividends on profits generated after January 1, 2008, the dividends distributed by PRC resident

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enterprises to the Shareholders of non-Chinese resident enterprises with respect to the H Shares would be taxed at the uniform rate of 10%. The Official Reply of Taxation on Imposition of Enterprise Income Tax on B-share Dividends of Non-resident Enterprises issued by the SAT on July 24, 2009 further stipulates that any PRC resident enterprises listed on overseas stock exchanges shall withhold and pay on behalf of the Shareholders of the non-PRC resident enterprises at a unified tax rate of 10%. The aforesaid tax rate may be further adjusted in accordance with the tax treaties or agreements entered into between the PRC and the relevant jurisdictions, as 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 a tax on dividends payable by a Chinese company to a Hong Kong resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, the tax levied 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), which entered into force on December 6, 2019, provides that the above provisions do not apply to relevant arrangements or transactions entered into with one of the primary purposes of obtaining the above tax benefits. The dividend provisions of the tax agreements shall be implemented in accordance with the Circular of the State Administration of Taxation on Issues related to the Implementation of Dividend Provisions 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》) and other Chinese tax laws and regulations.

Tax treaties

Non-PRC resident investors whose country of residence has entered into a double taxation avoidance agreement with the PRC or who are resident in the Hong Kong or Macau Special Administrative Regions shall be entitled to a preferential tax rate on dividends received from PRC companies. The PRC has entered into double taxation avoidance arrangements with the Hong Kong and Macau Special Administrative Regions respectively and has entered into double taxation avoidance agreements 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. Non-PRC resident enterprises entitled to preferential tax rates under the relevant income tax agreements or arrangements may apply to the PRC tax authorities for a refund of the difference between the withholding tax and the tax calculated based on the agreed tax rates.

Pursuant to the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》), which was issued by the SAT on October 14, 2019 and entered into force on January 1, 2020, non-resident taxpayers shall enjoy the treatments as specified in the convention in the way of “independent judgment, declaration and retention of relevant data for future reference”. Any non-resident taxpayer who, in its own judgment, deems itself eligible for the treatment prescribed in the tax convention, may exercise the right of convention treatment when filing a tax return or making a withholding declaration through a withholding agent, provided that it shall collect and retain the relevant data according to the provisions for future reference and be subject to the subsequent administration by the tax authorities.

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Taxes involved in income from equity transfers

Value-added tax and local surtax

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Comprehensively Implementing the Pilot Program for Changing Business Tax to VAT (《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 No. 36”), which was issued by the MOF and the SAT on March 23, 2016, and last amended on March 20, 2019, units and individuals that sell services, intangible assets or real estate within the territory of the People’s Republic of China are VAT taxpayers and shall pay VAT instead of business tax. The Circular No. 36 also stipulates that transfers of financial commodities, including transfers of ownership of marketable securities, are subject to VAT at the rate of 6% of the taxable income.

At the same time, VAT taxpayers are also required to pay city construction and maintenance tax, education surtax and local education surtax.

Income Tax

Individual investors

Pursuant to the Individual Income Tax Law and its implementing regulations, individuals are subject to an individual income tax rate of 20% on the income from the sale of equity interests in PRC resident enterprises. Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Continued Temporary Exemption of Individual Income Tax on the Proceeds 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》) (the “Circular No. 61”), which was issued by the MOF and the SAT on March 30, 1998, as of January 1, 1997, the income from the transfer of Shares in listed companies by individuals continues to be subject to temporary exemption of individual income tax. Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Catalog of Individual Income Tax Preferential Policies Remaining in Force (《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》), which was issued by the MOF and the SAT on December 29, 2018, the Circular No. 61 will remain in force.

Pursuant to the Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals’ Income from the 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》) jointly promulgated by the MOF, the SAT and the CSRC on December 31, 2009, individuals shall continue to be exempted from individual income tax on the proceeds from transfer of Shares acquired from the public offering and transfer market of listed companies on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, except for the relevant restricted Shares as defined in the Supplementary Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals’ Income from the 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 issued by the above three departments on November 10, 2010.

As of the Latest Practicable Date, the aforesaid provisions did not expressly provide for the imposition of individual income tax on the sale of Shares of PRC resident enterprises listed on overseas stock exchanges (e.g. the Stock Exchange) by non-resident individuals.

Corporate investors

Pursuant to the Enterprise Income Tax Law and its implementing regulations, where non-PRC resident enterprises have not formed permanent establishments or premises within the territory of the PRC, or where they have formed permanent establishments or premises within the territory of the PRC but there is no actual relationship between the relevant income derived in the PRC and the establishments or premises set up by them, they shall be subject to enterprise income tax in respect of its income derived from sources within the PRC (including income derived from the disposal of Shares in PRC resident enterprises), generally at a rate of 10%. The above income tax may be reduced or exempted under applicable tax agreements or arrangements.

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Stamp Duty

Pursuant to the Stamp Duty Law of the People’s Republic of China (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and entered into force on July 1, 2022, units and individuals that issue taxable certificates or conduct securities transactions within the territory of the PRC are taxpayers of the stamp duty and shall pay the stamp duty in accordance with the provisions of the Law. Units and individuals that issue taxable certificates outside the PRC for use within the territory of the PRC shall pay the stamp duty in accordance with the provisions of the Law.

Estate Duty

As of the date of this document, there is currently no estate duty levied in the PRC.

MAJOR TAXES OF THE GROUP IN THE PRC

Enterprise Income Tax (the “EIT”)

Pursuant to the Enterprise Income Tax Law, the enterprise income tax rate in the PRC is 25%.

Pursuant to the Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (《關於小微企業和個體工商戶所得稅優惠政策的公告》) issued on March 26, 2023, and the Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households through Relevant Tax and Fee Policies (《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》) issued on August 2, 2023, the portion of the annual taxable income of small low-profit enterprises not exceeding RMB1 million shall be counted as taxable income at a reduced rate of 25% and subject to EIT at a rate of 20%. This policy shall be implemented from January 1, 2023 to December 31, 2027.

Pursuant to the Measures for the Administration of Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》), which was jointly promulgated by the Ministry of Science and Technology of the People’s Republic of China, the MOF, and the SAT on April 14, 2008, amended on January 29, 2016 and entered into force on January 1, 2016, high-tech enterprises may apply for a preferential EIT rate of 15% under the EIT Law.

Value-Added Tax (“VAT”)

Pursuant to the Interim Regulations of the People’s Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例》), which was amended and entered into force on November 19, 2017, all units and individuals that engage in sale of goods or processing, repair and replacement services, or import of goods within the territory of the PRC shall pay VAT. Taxpayers providing sales or import of goods shall be subject to a general tax rate of 17%, except as otherwise provided in the applicable laws.

Pursuant to the Circular No. 36 issued by the MOF and the SAT on March 23, 2016 and entered into force on May 1, 2016, with the approval of the State Council, as of May 1, 2016, the pilot scheme of replacing business tax with VAT will be launched nationwide. All business taxpayers in the construction, real estate, financial industry and life service industry are included in the scope of the pilot scheme, and will be subject to VAT instead of business tax. Pursuant to the Measures for Implementing the Pilot Scheme for Levying Value-added Tax in Lieu of Business Tax (“《營業稅改徵增值稅試點實施辦法》”), which was issued and entered into force at the same date as the above Circular, the tax rates applicable to the sale of services, intangible assets or real estate by taxpayers are 17%, 11%, 6% and nil, respectively.

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Pursuant to the Circular on Adjusting Value-added Tax Rate (《關於調整增值稅稅率的通知》), which was issued by the MOF and the SAT on April 4, 2018 and entered into force on May 1, 2018, the tax rates of taxpayers engaging in VAT-taxable sales or importing goods that were previously subject to the tax rates of 17% and 11% were adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies on Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated by the MOF, the SAT and the General Administration of Customs of the People’s Republic of China on March 20, 2019 and entered into force on April 1, 2019, the tax rates of taxpayers engaging in VAT-taxable sales or importing goods that were previously subject to the tax rates of 16% and 10% were adjusted to 13% and 9%, respectively.

The Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》) was promulgated by the NPCSC on December 25, 2024 and came into effect on January 1, 2026. Pursuant to this Law, the rates of value-added tax shall be as follows:

- (1) For taxpayers selling goods, providing processing, repair and maintenance services, or tangible movable property leasing services, or importing goods, the tax rate shall be 13%, except as provided for in items (2), (4) and (5);
- (2) For taxpayers selling transport, postal, basic telecommunications, construction, or immovable property leasing services; selling immovable property; transferring land use rights; or selling or importing the following goods, the tax rate shall be 9%, except as provided for in items (4) and (5);
- (3) For taxpayers selling services or intangible assets, except as provided in items (1), (2) and (5), the tax rate shall be 6%;
- (4) For taxpayers exporting goods, the tax rate shall be zero, except where otherwise stipulated by the State Council;
- (5) For domestic entities and individuals cross-border selling services or intangible assets within the scope specified by the State Council, the tax rate shall be zero.

The Interim Regulations of the People’s Republic of China on Value-Added Tax shall be repealed on January 1, 2026.

FOREIGN EXCHANGE CONTROL IN CHINA

Renminbi (“RMB”), the legal tender of China, is subject to foreign exchange control and cannot be freely convertible to foreign currencies. As authorized by the People’s Bank of China, the SAFE is empowered to exercise the functions of administering all matters relating to foreign exchange, including the implementation of foreign exchange control regulations.

The principal foreign exchange control regulations in the PRC are the Regulations on Foreign Exchange Control (《外匯管理條例》), which was promulgated by the State Council on January 29, 1996, entered into force on April 1, 1996, and was subsequently amended on January 14, 1997 and August 5, 2008, respectively, and the Regulations on 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 People’s Bank of China on June 20, 1996 and entered into force on July 1, 1996. Pursuant to such Regulations and other PRC rules and regulations relating to currency exchange, RMB is generally freely convertible for the current account (such as foreign exchange transactions involving sales and purchases of goods and services and dividend payments), and not freely convertible for the capital account (such as direct investment, loans or investment in securities outside the PRC) without prior approval from the SAFE or its local branches.

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Pursuant to the relevant laws and regulations of China, Chinese enterprises (including foreign invested enterprises) that need to carry out current-account transactions in foreign exchange may, without the approval of the foreign exchange authorities, make payments through foreign exchange accounts opened by financial institutions engaged in the business of settlement and sale of foreign exchange, on the basis of valid supporting documents. Foreign-invested enterprises that are required to distribute profits to their Shareholders in foreign exchange and Chinese enterprises that are required to pay dividends to their Shareholders in foreign exchange in accordance with regulations may make payments from the foreign exchange accounts of designated foreign exchange banks or purchase foreign exchange from designated foreign exchange banks in accordance with the resolutions of the Board of Directors or the Shareholders' general meeting on the distribution of profits.

On December 26, 2014, the SAFE issued the Circular of the State Administration of Foreign Exchange on Issues Relating to 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 domestic companies shall register for the overseas listing with the required materials at the foreign exchange bureau located at its registered address within 15 working days after the conclusion of the overseas listing and issuance. The proceeds raised from the overseas listing of a domestic company may be transferred back to its territory or deposited overseas, and the use of the proceeds shall be consistent with the relevant contents listed in the document and other publicly disclosed documents. According to the Notice on Issues Concerning the Fund Management of Overseas Listings by Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), which was issued by the People's Bank of China and SAFE on December 26, 2025 and is scheduled to take effect on April 1, 2026, domestic enterprises conducting overseas listings shall, within 30 working days from the first trading day of their overseas listing or after the completion of the over-allotment, apply to a bank in the area of the provincial-level region or the city specifically designated in the state plan where they are registered for overseas listing registration by submitting the required materials. In principle, the funds raised by domestic enterprises through overseas listings shall be repatriated to the territory of China in a timely manner. The purposes of the funds raised via overseas listings shall be consistent with the relevant contents specified in the publicly disclosed documents such as the document, the corporate bond document, the circular to shareholders, and the resolutions of the board of directors or the general meeting of shareholders. the Circular of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Administration of Overseas Listing shall be repealed as of April 1, 2026.

The Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policy on Foreign Exchange Management 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》) was issued by the SAFE on February 13, 2015 and entered into force on June 1, 2015. The Circular abolished the examination and approval for foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and replaced it with direct examination and handling of foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment by banks, with SAFE and its branches exercising indirect supervision over the foreign exchange registration for direct investment through banks.

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating the Administrative Policies over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE on June 9, 2016 and partially amended on December 4, 2023 and effective since then, the foreign exchange income under the capital account of domestic institutions implements the policy of discretionary settlement, that is, relevant policies have made it clear that domestic institutions may settle their foreign exchange incomes under the capital account (including foreign exchange capital, foreign debt funds and funds raised from overseas listing) to discretionary settlement according to the actual business operation needs of domestic institutions. The proportion of foreign exchange income under the capital account that domestic institutions intend to settle at its discretion is tentatively 100%, and the SAFE may adjust the aforesaid proportion according to the international payment balance status in due course.