

APPENDIX III

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 the jurisdictions in which holders of H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, has not taken into account the possible 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 investors in the 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 investors in the 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 and profits tax, sales 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 the H shares.

Taxation in Chinese Mainland

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》) (the “IIT Law”), amended by the SCNPC on August 31, 2018 and effective from January 1, 2019, as well as the Regulation on the Implementation 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》), amended by the State Council on December 18, 2018 and effective from January 1, 2019, PRC enterprises distributing dividends to individual investors are required to withhold income tax at a flat rate of 20%. At the same time, pursuant to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus 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 Ministry of Finance, the State Administration of Taxation, and the CSRC on September 7, 2015 and effective from September 8, 2015, where an individual acquires stocks of a listed company from public offering of the company or from the stock trading market and holds the stocks for more than one year, the income from dividends is exempt from individual income tax; where an individual acquires stocks of a listed company from public offering of the company or from the stock trading market and holds the stocks for less than one month, the full amount of the dividend income shall be included in taxable income; or if the holding period exceeds one month but is less than one year, 50% of the dividend income shall be temporarily included in taxable income. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

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For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to an individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaties.

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》), executed between the Chinese Mainland and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), 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 Administration of Taxation (《國家稅務總局關於第五議定書》) (the “Fifth Protocol”), issued by the State Administration of Taxation on December 6, 2019 and effective on the same day, provides that such provisions shall not apply to arrangements or transactions made for one of the principle purposes of obtaining such tax benefits.

Enterprise 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 “EIT Law”), last amended by the SCNPC on December 29, 2018 and came into immediate effect, 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》), last amended by the State Council on December 6, 2024, a non-resident enterprise is subject to a 10% enterprise income tax on Chinese Mainland-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 Chinese Mainland or has an establishment or place of business in the Chinese Mainland but the Chinese Mainland-sourced income is not actually connected with aforesaid establishment or place of business in the Chinese Mainland. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent. The income tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under the applicable tax treaties on the avoidance of double taxation.

Pursuant to the Notice on Issues Concerning Withholding Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H-share Holders who 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 State Administration of Taxation on November 6, 2008 and effective on the same day, a PRC resident enterprise is required to withhold enterprise income tax at a flat rate of 10% on dividends paid to overseas non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008. In addition, pursuant

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to the Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《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復》), promulgated by the State Administration of Taxation on July 24, 2009 and effective on the same day, PRC-resident enterprises listed on Chinese Mainland and overseas stock exchanges by issuing stocks must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC has concluded with a jurisdiction, where applicable.

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 PRC government may impose tax on dividends paid by a PRC 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 PRC company. If a Hong Kong resident directly holds 25% or more of equity interest 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 dividends payable by the PRC company. The Fifth Protocol of the State Administration of Taxation (《國家稅務總局關於第五議定書》) provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits. Although there may be other provisions under the arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《關於執行稅收協定股息條款有關問題的通知》) issued with immediate effect on February 20, 2009.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H shares (including [REDACTED] Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

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Tax Related to Share Transfer Income

Individual Investors

According to the IIT Law and its implementation rules, the proceeds from the sale of equity interests in PRC-resident enterprise are subject to income tax at a tax rate of 20%. Pursuant to Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the Ministry of Finance and the State Administration of Taxation on March 30, 1998 and effective on the same day, the income of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax since January 1, 1997. According to the Notice on Relevant Issues Concerning the Individual Income Tax on Individual Income from Transfer of Non-tradable 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 issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on December 31, 2009 and effective on the same day, and the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks 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》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on November 10, 2010 and implemented on November 10, 2010, starting from January 1, 2010, individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, with the exception of restricted shares.

As at the date of this document, the aforementioned regulations have not explicitly stipulated whether non-PRC resident individuals selling the shares of Chinese resident enterprises listed on overseas stock exchanges are subject to individual income tax. In practice, PRC tax authorities do not levy income tax on income derived by non-PRC resident individuals from the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-resident enterprise is subject to enterprise income tax at the rate of 10% with respect to Chinese Mainland-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 Chinese Mainland or has an establishment or place of business in Chinese Mainland but the Chinese Mainland-sourced income is not actually connected with such establishment or place of business in Chinese Mainland. The aforementioned income tax payable by non-resident enterprises is subject to source withholding, and the payer is the withholding agent. The income tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under the applicable tax treaties on the avoidance of double taxation.

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Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect Taxation Policy

On October 31, 2014 and November 5, 2016, the Ministry of Finance, State Administration of Taxation and CSRC jointly issued Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《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》) and the Notice by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission on the Tax Policies for the Pilot Program of the Mutual Access Mechanism of the Shenzhen and Hong Kong Stock Markets (《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》) pursuant to which came into effect on November 17, 2014 and December 5, 2016 respectively, and the Circular on the Relevant Taxation Policies regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (《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》), pursuant to which, the income from transfer differences and dividend and bonus income derived by a domestic enterprise from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law.

For dividends and bonuses received by individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the “CSDC”) for a register of PRC individual investors, and shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

Pursuant to Announcement on the Extension of the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Mutual Stock Market Access Mechanism and the Mutual Recognition of Funds between the Mainland 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 by the Ministry of Finance, the State Administration of Taxation and the CSRC on August 21, 2023 and effective on the same day, and the Announcement on the Extension of Relevant Preferential Individual Income Tax (《關於延續實施有關個人所得稅優惠政策的公告》) promulgated by the Ministry of Finance and the State Administration of Taxation on January 16, 2023 and effective on the same day, the income from transfer differences derived by domestic individual investors from investing in stocks listed on The Stock Exchange of Hong Kong Limited through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, as well as from buying and selling Hong Kong fund shares through mutual recognition of funds, shall continue to be exempted from individual income tax from December 5, 2019 to December 31, 2027.

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Stamp Duty

Pursuant to Stamp Tax Law of PRC (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on June 10, 2021 and effective on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Non-PRC investors disposing of H shares outside the PRC are not subject to the provisions of Stamp Tax Law of PRC (《中華人民共和國印花稅法》).

Estate Tax

According to PRC law, no estate tax is currently levied in the Chinese Mainland.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as “enterprises”) within the territory of the Chinese Mainland are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The enterprise income tax rate is 25%. Enterprises that are recognized as high and new technology enterprises in accordance with Notice on Revising and Issuing the Measures for the Administration of the Certification of High-tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on January 29, 2016, are entitled to enjoy a preferential enterprise income tax rate of 15%, under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the original certificate expires.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income derived from the PRC and the aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer is the withholding agent. The income tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

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Value-added Tax

Pursuant to the Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》), promulgated by the SCNPC on December 25, 2024 and effective from January 1, 2026, and the Detailed Rules for the Implementation of the Interim 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》), amended by the Ministry of Finance on October 28, 2011 and effective on November 1, 2011, entities and individuals engaged in the sale of goods, provision of processing, repair and maintenance services (collectively referred to as “services”), sale of services, intangible assets, real estate, and imported goods within China are all value-added tax (VAT) taxpayers and are required to pay VAT. Unless otherwise stipulated by the aforementioned regulations, the VAT rate for the sale of goods, provision of services, leasing of tangible movable property and imported goods is 17%.

According to the Notice on Adjusting Value-added Tax Rate (Caishui [2018] No. 32) (《關於調整增值稅稅率的通知》(財稅[2018]32號)), issued by the Ministry of Finance and the State Administration of Taxation on April 4, 2018, and implemented from May 1, 2018, the tax rates applicable to 17% and 11% for taxpayers engaged in VAT taxable sales or importing goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》), issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019, and effective from April 1, 2019, the tax rates of 16% and 10% applicable to the general taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Foreign Exchange

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 State Administration of Foreign Exchange, with the authorization of the People’s Bank of China (the “PBOC”), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According 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》), last amended by the State Council on August 5, 2008 and immediately effective, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

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Pursuant to the Provisions on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》), promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to 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》), promulgated by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the RMB exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the RMB against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against RMB transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current account item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. 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 (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders’ meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decision of the State Council on Cancelling 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》), promulgated by the State Council on October 23, 2014, the approval requirement by the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts is cancelled.

According to the Notice of Issues Concerning the Administration of Funds Related to Overseas Listings of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), promulgated by the People’s Bank of China and the State Administration of Foreign Exchange on December 24, 2025 and effective from April 1, 2026, a domestic enterprise that makes an overseas listing shall, within 30 working days from the first trading day of the overseas listing or from the completion of an over-allotment, apply for overseas listing registration to a bank where it is registered.

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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》), issued on February 13, 2015 and last amended with immediate effect on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. The SAFE and its branches shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目外匯結算管理政策的通知》), issued on June 9, 2016, discretionary foreign exchange settlement applies to foreign exchange capital. The tentative percentage of foreign exchange settlement for foreign currency earnings in the capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

According to 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》), issued by the SAFE on January 26, 2017, it further expands the scope of settlement for domestic foreign exchange loans with export background under goods trading, allows repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allows settlement for domestic foreign exchange accounts of foreign institutions operating in the free trade pilot zones, and adopts the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner’s equity in the audited financial statements of the preceding year.