

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

### TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the [REDACTED] in H Shares, nor does it take the specific circumstances of any particular [REDACTED] into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an [REDACTED] in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect.

No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/value-added tax, stamp duty and estate duty were referred in the discussion. Prospective [REDACTED] are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

### THE PRC TAXATION

#### Taxation on Dividends

##### *Individual Investor*

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “**Individual Income Tax Law**”) lastly amended by the SCNPC on August 31, 2018 and implemented on January 1, 2019, and the Implementation Rules 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》) lastly amended by the State Council on December 18, 2018 and implemented on January 1, 2019, dividends paid by Chinese Mainland 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 Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差異化個人所得稅政策有關問題的通知》) jointly promulgated by the MOF, the State Administration of Taxation (the “**SAT**”) and the CSRC on September 7, 2015 and implemented on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《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》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) promulgated by the SAT on June 28, 2011, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us.

### *Enterprise Investor*

Pursuant to the EIT Law as well as the Implementation Rules of EIT Law, the rate of enterprise income tax (the “**EIT**”) shall be 25%. A non-resident enterprise is generally subject to a 10% EIT on Mainland-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in Chinese mainland or has an establishment or premise in Chinese Mainland but its Chinese Mainland-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted 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》) promulgated by the SAT and implemented on November 6, 2008, a PRC resident enterprise is required to withhold EIT at a unified rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008. 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覆》), promulgated by the SAT and implemented on July 24, 2009, further provides that PRC resident enterprises listed on Chinese Mainland and overseas stock exchanges by issuing stocks must withhold EIT at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified according to the tax treaty or agreement that the PRC government has concluded with a relevant country or region, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《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 August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a PRC resident enterprise to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC resident enterprise, such tax shall not exceed 5% of the total dividends payable by the PRC resident enterprise. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《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》) promulgated by the SAT and implemented on December 6, 2019, provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

### *Tax Treaties*

Non-resident investors residing in jurisdictions which have entered into treaties or arrangements for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT imposed on the dividends received from PRC enterprises. The PRC currently has entered into avoidance of double taxation treaties or arrangements with a number of countries and regions, including but not limited to Hong Kong Special Administrative Region, Macau Special Administrative Region, 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 in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the EIT in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

### **Taxation on Share Transfer**

#### *Value-added Tax*

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) effective on May 1 2018, the VAT rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively. According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and implemented on April 1, 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively. Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) (the “VAT Law”), promulgated by the SCNPC on December 25, 2024, and implemented on January 1, 2026, and the Regulations for the Implementation of the Value-added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), promulgated by the State Council on December 25, 2025, and implemented on January 1, 2026, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods in Chinese Mainland are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

### **Income Tax**

#### *Individual Investors*

Pursuant to the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《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 MOF and SAT and implemented on March 30, 1998, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from individual income tax on the income from the transfer of shares in listed company in the newly revised the Individual Income Tax Law and its implementation rules.

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

### *Enterprise Investors*

Pursuant to the CIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on Mainland-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in Chinese Mainland or has an establishment or premise in the Chinese Mainland but its Chinese Mainland-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

### **Shenzhen-Hong Kong Stock Connect Taxation Policy**

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《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》) promulgated by the MOF, the SAT and the CSRC on November 5, 2016 and implemented on December 5, 2016, transfer spread income derived by enterprise investors in Chinese Mainland from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in Chinese Mainland from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for providing the register of individual investors in Chinese Mainland to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

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 Chinese Mainland-Hong Kong Mutual Recognition of Funds (《關於繼續執行滬港、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 MOF, the SAT and the CSRC on December 4, 2019 and implemented on December 5, 2019, and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Chinese Mainland-Hong Kong Mutual Recognition of Funds (《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 MOF, the SAT and the CSRC on August 21, 2023 and implemented on the same date, the transfer spread income derived by individual investors in Chinese Mainland from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from December 5, 2019 to December 31, 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《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》), dividends derived by enterprise investors in Chinese Mainland from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. In particular, dividends and bonus income obtained by resident enterprises in Chinese Mainland from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in Chinese Mainland. The tax payable shall be declared and paid by the enterprise itself.

## **APPENDIX III**

## **TAXATION AND FOREIGN EXCHANGE**

### **Stamp Duty**

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) promulgated by the SCNPC on June 10, 2021 and implemented on July 1, 2022, the purchase and disposal of H shares by non-Chinese Mainland investors outside of Chinese Mainland are not subject to the requirements of the Stamp Duty Law of the PRC.

### **Estate Duty**

Pursuant to the laws of Chinese Mainland, no estate duty is currently levied in Chinese Mainland.

### **PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC**

Please refer to the chapter Regulatory Overview of the document.

### **FOREIGN EXCHANGE**

The lawful currency of the PRC is Renminbi. The SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council and implemented on August 5, 2008, all international payments and transfers are classified into current items and capital items. Chinese Mainland does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of enterprises in Chinese Mainland may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. 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.

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》) promulgated by the PBOC on June 20, 1996 and became 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.

Pursuant to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at 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 may, on the strength of resolutions of the board of directors or the general 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.

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

Pursuant to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《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, it decided to cancel the approval requirement of 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.

Pursuant 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》) promulgated by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

Pursuant 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》), which was promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and partially repealed 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 branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

Pursuant to the Notice of the State Administration of Foreign Exchange of the PRC 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結匯管理政策的通知》) promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

Pursuant to the Circular of People’s Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Fund Administration for Domestic Enterprises of Overseas Listing (《中國人民銀行、國家外匯管理局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 (the “PBOC”) and SAFE on December 24, 2025 and implemented on April 1, 2026, a domestic company shall, within 30 business days from the first trading date of its overseas listing or the completion of the over-allotment option, register the overseas listing with the local branch office of the PBOC in the province or the city with independent planning status where it is registered. The funds raised by the domestic company from overseas listing shall, in principle, be repatriated to the domestic territory in a timely manner. Where such funds are retained overseas to conduct overseas direct investment, overseas securities investment, overseas lending and other businesses, the domestic company shall obtain the approval or filing document from the competent authority prior to the date of completion of the overseas offering or the completion of the over-allotment option, and shall comply with the relevant provisions on cross-border fund administration.