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TAXATION AND FOREIGN EXCHANGE

OVERVIEW

The following is a summary of certain PRC tax consequences on investors relating to the ownership of H shares by an investor who purchases such H Shares in [REDACTED] and holds our H shares as capital assets. This summary does not purport to address all material tax consequences of the ownership of H Shares, and does not take into account the specific circumstances of any particular investor, some of which may be subject to special provisions. This summary is based on the tax laws of the PRC in effect as of the Latest Practicable Date, all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This section in this document does not address any aspect of the PRC or taxation other than income tax, capital tax, value-added tax, stamp duty and estate duty. [REDACTED] are urged to consult their tax advisors regarding the PRC and other tax consequences of [REDACTED] H Shares.

TAXATION IN THE PRC

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”) promulgated by the Standing Committee of the National People’s Congress on June 29, 2007 and latest revised on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC promulgated by the State Council on January 28, 1994, revised on December 18, 2018 and effective on January 1, 2019, individuals are generally subject to an individual income tax levied at a flat rate of 20% of the dividends income. For a foreign individual who is not a resident of the PRC, his/her receipt of dividends from a PRC company is normally subject to PRC withholding tax of 20% unless specifically exempted by the taxation authority of the State Council or reduced by an applicable tax treaty. Meanwhile, according to the Notice on Issues concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (關於上市公司股息紅利差別化個人所得稅政策有關問題的通知) (Cai Shui [2015] No. 101) issued by the MOF on September 7, 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is more than one year, the dividend incomes shall be exempted from personal income tax. Where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is one month or less, the income from dividends shall be included into the taxable incomes in full amount; if the stock holding period is more than one month and up to one year, the dividend income shall be included into the taxable incomes at the reduced rate of 50% for the time being. Individual income taxes on the aforesaid incomes shall be collected at the uniform rate of 20%.

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Enterprises investors

In accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "EIT Law") which was promulgated by the National People's Congress of the PRC on March 16, 2007 and latest amended by the SCNPC and effective on December 29, 2018, and the Provisions of Implementation for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) which was promulgated by the State Council on December 6, 2007 and most recently amended and effective on April 23, 2019, a PRC resident enterprise is generally subject to a 25% EIT on all incomes. According to the EIT Law and its implementing rules, dividends paid to its investor which is an eligible PRC resident enterprise can be exempted from the EIT. An enterprise income tax at a rate of 10% will generally be applicable to PRC-sourced income of a non-PRC resident enterprise, granted such enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforesaid income tax payable by a non-resident enterprise shall be withheld in advance and at source. The tax payer shall withhold the income tax at the rate of 10% from the amount payable or due to the non-resident enterprise, unless relevant tax agreements entered into by the PRC Government provide otherwise.

According to the Notice on the Issues Concerning Withholding Enterprise Income Tax on the Dividends Payable by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise H Share Holders (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) (Guo Shui Han [2008] No. 897) issued by the SAT on November 6, 2008, a PRC-resident enterprise must withhold EIT at a rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares which are derived out of profit generated since January 1, 2008. A non-PRC resident enterprise which is entitled to a preferential tax rate under an applicable tax treaty or arrangement may, directly or through its agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

Pursuant to the Arrangement between the Mainland of the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Incomes (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 PRC Government may impose tax on dividends paid to a Hong Kong resident (including natural person and legal entity) by a PRC company, but such tax shall not exceed 10% of the total amount of the dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company, such tax shall not exceed 5% of the total amount of dividends payable by that PRC company.

Pursuant to the Fourth 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 (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四議定書), which came into effect on December 29, 2015, states that such provisions shall not apply to arrangement made for the primary purpose of gaining such tax benefit. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law documents, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses 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) (Guo Shui Han [2009] No. 81).

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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 (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 on December 6, 2019, adds the term of “Entitlement to Benefits under the Arrangement”, which represents the “principal purpose test” applicable to all arrangements and transactions, where relevant arrangements or transactions of tax payers made for the principal purpose of gaining such tax benefit in the arrangement shall not be entitled to such preferential tax treatment.

Tax treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau may be entitled to preferential tax rates on dividends received by such investors from the PRC company. The PRC has entered into arrangements for the avoidance of double taxation with Hong Kong and Macau, respectively, and has entered into treaties for the avoidance of double taxation with certain other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise which is entitled to a preferential tax rate under a relevant income tax treaty or arrangement may apply to the PRC tax authorities for a refund of the difference between the amount of tax withheld and tax computed based on the treaty rate.

Taxation on Gains from Share Transfer

Individual Investors

In accordance with the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares (個人轉讓股票所得繼續暫免徵收個人所得稅) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, effective from January 1, 1997, gains of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax. After the latest amendment to the IIT Law on August 31, 2018 and its implementing rules amended on December 18, 2018 and implemented on January 1, 2019, the SAT has not explicitly stated whether it will continue to exempt individuals from income tax on income derived from the transfer of listed shares. However, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (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) (Cai Shui [2009] No. 167), which provides that individuals’ income from transferring listed shares on certain domestic exchanges shall continue to be exempted from the individual income tax, except for shares of certain specified companies which are subject to sales limitations (as defined in the supplementary notice of such Circular issued on November 10, 2010). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that IIT shall be collected from non-PRC

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resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not collected the individual income tax from non-PRC resident individuals on gains from the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprises Investors

In accordance with the EIT Law and its implementation rules, a non-PRC resident enterprise is generally subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. Such tax may be reduced or eliminated under applicable tax treaties or arrangements.

PRC stamp duty

Pursuant to the Provisional Regulations of the PRC Concerning Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council on August 6, 1988 and latest amended and effective on January 8, 2011 PRC stamp duty is imposed on documents that are legally binding in the PRC and governed by the PRC laws. Therefore, PRC stamp duty does not apply to acquisitions or dispositions of H shares outside PRC.

PRC legacy duty

The PRC currently does not impose any legacy duty.

Shanghai-Hong Kong Stock Connect Taxation Policy

On October 31, 2014, the MOF, SAT and CSRC jointly issued the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Cai Shui [2014] No. 81) (the "**SH-HK Stock Connect Taxation Policy**") which clarified the relevant taxation policy under Shanghai-Hong Kong Stock Connection. The SH-HK Stock Connect Taxation Policy has come into effect on November 17, 2014.

Pursuant to the SH-HK Stock Connect Taxation Policy, individual income tax will be temporarily exempted for transfer spread income derived from investment by mainland individual investors in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect from November 17, 2014 to November 16, 2017. Pursuant to the Notice on Continuing the Application of Relevant Individual Income Tax Policies regarding the Inter-connected Mechanism of Trading on the Shanghai Stock Market and the Hong Kong Stock Market (關於繼續執行滬港股票市場交易互聯互通機制有關個人所得稅政策的通知) (Cai Shui [2017] No. 78), which was issued by MOF, SAT and CSRC on November 1, 2017,

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the aforesaid individual income tax shall continue to be temporarily exempted from November 17, 2017 to December 4, 2019. Pursuant to the SH-HK Stock Connect Taxation Policy, Business tax will be temporarily exempted in accordance with the current policy for the spread income derived from dealing in stocks listed on Hong Kong Stock Exchange by mainland individual investors through Shanghai-Hong Kong Stock Connection; for avoidance of doubt, the aforesaid business tax shall mean VAT due to business tax was replaced with VAT. For dividends obtained by mainland individual investors or mainland securities investment funds from investing in H shares listed on Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connection, individual income tax shall be withheld by H-share companies at the tax rate of 20%. For dividends obtained by mainland individual investors or mainland securities investment funds from investing in non-H shares listed on Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connection, individual income tax shall be withheld by China Securities Depository and Clearing Co., Ltd ("CSDC") at the tax rate of 20%. Individual investors may, by producing the tax payments document, apply for tax credit relating to the withholding tax already paid abroad to the competent tax authority of CSDC.

Pursuant to the SH-HK Stock Connect Taxation Policy, enterprise income tax will be levied according to law on transfer spread income (included in total income) derived from investment by mainland corporate investors in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connection. Business tax will be levied or exempted in accordance with the current policy for spread income derived from dealing in stocks listed on the Stock Exchange by investors of mainland entities through Shanghai-Hong Kong Stock Connection; for avoidance of doubt, the aforesaid business tax shall mean VAT due to business tax was replaced with VAT. Enterprise income tax will be levied according to law on dividend income (included in total income) obtained by mainland corporate investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect. In particular, enterprise income tax will be exempted according to law for dividend income obtained by mainland resident enterprises which hold H shares for at least 12 consecutive months. For dividend income obtained by mainland corporate investors, H-share companies will not withhold dividend income tax for mainland corporate investors. The tax payable shall be declared and paid by the enterprises themselves. Mainland corporate investors, when declaring and paying enterprise income tax themselves, may apply for tax credit according to law in respect of dividend income tax which has been withheld and paid by non-H share companies listed on the Hong Kong Stock Exchange.

Pursuant to the Shanghai-Hong Kong Stock Connect Taxation Policy, mainland investors who trade or inherit shares listed on the Hong Kong Stock Exchange, or give such shares as gifts, through Shanghai-Hong Kong Stock Connection shall pay stamp duty in accordance with the current tax laws of Hong Kong. CSDC and HKSCC may collect the above-mentioned stamp duty on each other's behalf.

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Tax Policy of Shenzhen-Hong Kong Stock Connect

According to the Notice on the Relevant Taxation Policies for the Pilot Program of the Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (《財政部、國家稅務總局、證監會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》) jointly issued by the MOF, the SAT and the China Securities Regulatory Commission on November 5, 2016 and effective on December 5, 2016, personal income tax will be temporarily exempted for transfer spread income derived from investment by mainland individual investors in stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect from December 5, 2016 to December 4, 2019. Enterprise income tax will be levied according to law on price difference (included in total income) derived from investment by mainland enterprise investors in stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect.

For dividends and bonus income obtained by mainland individual investors investing in H stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-stock companies shall apply to China Securities Depository and Clearing Co., Ltd. (the “CSDCC”) for provision by CSDC to the H-stock companies of the register of mainland individual investors, and personal income tax shall be withheld by CSDC at the tax rate of 20%. Individual investors who have paid withholding tax overseas may apply for tax credit to the competent tax authority of CSDC by producing the tax credit document. For dividends and bonus income obtained by mainland securities investment funds investing in stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect, personal income tax will be levied according to the aforesaid provisions.

Enterprise income tax will be levied according to law on dividend and bonus income (included in total income) obtained by mainland enterprise investors from investing in stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect. In particular, enterprise income tax will be exempted according to law for dividend and bonus income obtained by mainland resident enterprises which hold H stocks for at least 12 consecutive months. The H-stock companies listed on the Stock Exchange shall apply to CSDC for provision by CSDC to the H-stock companies of the register of mainland enterprise investors, and the H-stock companies will not withhold dividend and bonus income tax for mainland enterprise investors. The tax payable shall be declared and paid by the enterprises themselves.

MAJOR TAXES ON THE COMPANY IN THE PRC

Please see the “Regulation Overview” Section.

Administration of Foreign Exchange in the PRC

Renminbi is the lawful currency of the PRC, which is subject to foreign exchange controls and is not freely exchangeable. The SAFE, under 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.

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According to the Regulations of the People’s Republic of China for the Administration of Foreign Exchange (中華人民共和國外匯管理條例) (the “Foreign Exchange Administrative Regulations”) promulgated by the State Council on January 29, 1996, and latest amended and effective on August 5, 2008, which classifies all international payments and transfers into current account items and capital account items. Most of the current account items are not subject to SAFE approval while capital account items are. The latest amended (on August 5, 2008) Foreign Exchange Administrative Regulations regulates that the State does not impose restrictions on international payments and transfers under the current account items.

According to the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) (the “Settlement Regulations”) promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996. The Settlement Regulations abolished all other restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

According 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 financial institutions that carries foreign exchange business or operating institutions that carries settlement and sale business, on the strength of valid 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 shareholders’ meeting on the distribution of profits, effect payment from foreign exchange accounts opened at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business, or effect exchange and payment at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business.

State Council Circular 50

On October 23, 2014, the State Council promulgated 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) (Guo Fa [2014] No. 50, the “Circular 50”), which canceled 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.

SAFE Circular 54

According to the Circular on Relevant 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, the “Circular 54”) issued by SAFE on December 26, 2014, a domestic issuer shall, within 15 working days after the completion of the offering of shares for its overseas listing, register overseas listing with the Foreign Exchange Bureau at the place of its incorporation. The proceeds raised from overseas listing of a domestic issuer can be repatriated to PRC or deposited overseas, and the usage of such proceeds shall be consistent with the purpose as specified in this document and other disclosure documents.

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SAFE Circular 13

On February 13, 2015, the SAFE issued the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for 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) (“SAFE Circular 13”), which came into effect on June 1, 2015. The SAFE Circular 13 cancels the foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, and requires the banks to review and carry out foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment directly. SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks. Furthermore, according to the SAFE Circular 13, new overseas enterprises established or controlled by overseas enterprises established or controlled by domestic investors through re-investment are not required to go through the foreign exchange filing procedures.

SAFE Circular 16

Pursuant to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (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, the “Circular 16”) promulgated by the SAFE on June 9, 2016, discretionary settlement of foreign exchange capital income can be settled at the banks based on the actual operating needs of the domestic companies. The proportion of discretionary settlement of foreign exchange capital income for domestic companies is temporarily set at 100%. The SAFE may timely adjust the above proportion based on international balance of payments.

SAFE Circular 3

On January 18, 2017, 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, the “Circular 3”) was issued by SAFE to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt 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.

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SAFE Circular 8

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business issued by SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments with their income under capital accounts such as capital funds, foreign debts and proceeds from overseas listing without submitting evidence of genuineness to the banks in advance, provided the use of such funds is genuine and in compliance with the current administrative regulations on the use of income under capital accounts. The concerned bank shall conduct expost checking in accordance with the relevant requirements. The local SAFE should strengthen monitoring analysis and interim and expost supervision.