

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

TAXATION ON HOLDERS OF SECURITIES

The following is a summary of certain PRC taxation consequences of the ownership of H Shares by an investor who purchases such H Shares in connection with the [REDACTED] and holds the H Shares as capital assets. This summary does not purport to address all potential taxation consequences of investment in the H Shares, and does not take into account the specific circumstances of any particular investor, some of which may be subject to special rules. This summary is based on the tax laws of the PRC in effect as of the date of this document, all of which are subject to change (or changes in interpretation) and may have retroactive effect.

This section does not address any aspect of PRC or Hong Kong taxation other than income tax, capital gains tax, stamp duty and estate duty. Prospective investors are urged to consult their respective tax advisors regarding the PRC, Hong Kong and other taxation consequences arising from the ownership and disposal of H Shares.

Dividend Tax

Individual Investors

According to the Individual Income Tax Law of the People’s Republic of China (中華人民共和國個人所得稅法) (the “IIT Law”) which was adopted and implemented by the National People’s Congress on September 10, 1980, and latest amended on August 31, 2018, and 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 promulgated by the State Council on January 28, 1994, and latest amended on December 18, 2018, dividends paid by PRC companies to individual shareholders are generally subject to individual income tax at a uniform rate of 20%.

According to the Notice on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] No. 020) (關於個人所得稅若干政策問題的通知(財稅字[1994]020號)) issued on May 13, 1994 by the MOF and the SAT, overseas individuals are, as an interim measure, exempted from the individual income tax for the dividends and bonuses received from foreign-invested enterprises.

According to the Notice on Issues Concerning the Administration of Individual Income Tax Collection Following the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (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(國稅函[2011]348號)) issued on June 28, 2011 by the SAT, as for the income from dividends and bonuses obtained by foreign resident individual shareholders from the shares issued in Hong Kong by domestic non-foreign invested enterprises, the individual income tax shall be withheld by withholding agents according to the item of “income from interest, dividends and bonuses”. Where a domestic non-foreign invested enterprise issues shares in Hong Kong, its foreign resident individual shareholders can enjoy relevant tax incentives in accordance with tax treaties signed between their countries of residence and China as well as the provisions of tax

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arrangements between Mainland and Hong Kong (Macau). A domestic non-foreign invested enterprise that issues shares in Hong Kong may, for the purpose of distributing dividends and bonuses, withhold individual income tax at the rate of 10% in general, and the application procedure is not required. For situations where the tax rate for dividend is not 10%, the following regulations shall apply: where an individual who has earned the dividends is the resident of a country with which the conventional tax rate is lower than 10%, such individual can apply for refund according to the Announcement of the SAT on Issuing the Measures for Non-resident Taxpayers’ Enjoyment of Treaty Benefits (Announcement No. 35, 2019 of the SAT) (國家稅務總局關於發佈《非居民納稅人享受協定待遇管理辦法》的公告); where an individual who has earned the dividends is the resident of a country with which the conventional tax rate is higher than 10% and lower than 20%, the withholding agent shall withhold the individual income tax in accordance with the actual conventional tax rate when distributing dividends and bonuses, and the application procedure is not required; where an individual who has earned the dividends is the resident of a country which has not signed a tax treaty with China or is under other situations, the withholding agent shall withhold the individual income tax at the rate of 20% when distributing dividends and bonuses.

According 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 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), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company if the Hong Kong resident is the beneficial owner of the equity and certain other conditions are met.

Enterprise Investors

According 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”) which was adopted by the National People’s Congress on March 16, 2007, implemented on January 1, 2008, and latest amended on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法實施條例) which was promulgated by the State Council on December 6, 2007, implemented on January 1, 2008, and amended on April 23, 2019, a nonresident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends and bonuses received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for nonresident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the nonresident enterprise when such payment is made or due.

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According to the Circular of the State Taxation Administration on the Withholding and Remitting of Enterprise Income Tax on the Dividend Distributed by Chinese Resident Enterprise to Overseas H-Share Non-resident Enterprise (Guo Shui Han [2008] No. 897) (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(國稅函[2008]897號)) issued by the SAT and taking effect on November 6, 2008, where a Chinese resident enterprise distributes dividends for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises, it shall withhold the enterprise income tax thereon at the uniform rate of 10%. After receiving the dividends, a non-resident enterprise shareholder may, by itself or through an authorized agent or withholding agent, submit an application to the competent tax authority for enjoying any treatment under a relevant tax agreement (arrangement), and provide proof that it is an actual beneficial owner satisfying the requirements of the tax agreement (arrangement). If the application is justified upon verification, the competent tax authority shall refund the difference between the tax paid and the tax payable calculated at the tax rate under the tax agreement (arrangement).

According 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 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 Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company if the Hong Kong resident is the beneficial owner of the equity and certain other conditions are met.

Taxation Treaty

Non-resident investors residing in jurisdictions which have entered into treaties or arrangements for the avoidance of double taxation with the PRC are entitled to a reduction of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including 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.

Capital Gains Tax

Income Tax

Individual Investors

According to the IIT Law, gains from the transfer of personal property are subject to the income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (Cai Shui Zi [1998] No. 61) (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) jointly issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the IIT Law, which latest amended and implemented on January 1, 2019 and its implementation provisions.

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However, According to the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (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 MOF, the SAT and CSRC on December 31, 2009, and taking effect on 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 individual income tax, except for the relevant shares which are subject to sales restriction as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (Cai Shui [2010] No. 70) (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 and implemented by such departments on November 10, 2010.

As of the Latest Practicable Date, no provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and no such income tax was levied by PRC tax authorities in practice.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or place in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected with such establishment or premise. Such income tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. The withholding tax may be reduced pursuant to special arrangements or relevant agreements signed between the PRC and the jurisdictions where the non-resident enterprises are located.

Stamp Duty

Pursuant to the Provisional Regulations of the PRC on Stamp Duty (中華人民共和國印花稅暫行條例), which was issued by the State Council on August 6, 1988 and implemented on October 1, 1988 and latest amended on January 8, 2011, and the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (中華人民共和國印花稅暫行條例施行細則), which was promulgated by the MOF on September 29, 1988 and implemented on October 1, 1988, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

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Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

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

On October 31, 2014 and November 5, 2016, the MOF, the SAT and the CSRC jointly issued the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transaction in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (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 on the Relevant Taxation Policies for the Pilot Program of the Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (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). According to such Notices, Mainland enterprise investors' income from transfer price difference, dividends and bonuses of investment in stocks listed on the HKEx through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included into the total income and shall be subject to the enterprise income tax. Income of mainland resident enterprises obtained from dividends and bonuses by holding H shares for over twelve months consecutively shall be exempted from enterprise income tax according to the law. Enterprises of H shares shall not withhold income tax of dividends and bonuses for mainland enterprise investors. The taxes payable shall be declared and paid by enterprises on their own.

For dividends and bonuses obtained by individual mainland investors from investment in H shares listed on the HKEx through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, enterprises of H shares shall submit applications to China Securities Depository and Clearing Corporation Limited (“CSDC”) so as to get the register of individual mainland investors and withhold the individual income tax at the tax rate of 20%. For taxes withheld abroad, individual investors may apply to competent taxation authorities of the CSDC for tax credit upon the strength of valid tax withholding vouchers. For dividends and bonuses obtained by mainland securities investment funds from investment in stocks listed on the HKEx through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated and levied in accordance with the above provisions.

On December 4, 2019, the MOF, the SAT and the CSRC jointly issued the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Interconnection Mechanisms for Transactions in the Shanghai and Hong Kong Stock Markets and for Transactions in the Shenzhen and Hong Kong Stock Markets (Announcement 93, 2019 of the MOF) (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), which stipulates that from December 5, 2019 to December 31, 2022, the transfer price difference income that an individual investor from mainland China obtains by investing in stocks listed on the Stock Exchange of Hong Kong through the Shanghai-Hong

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Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and by trading in Hong Kong fund shares through mutual recognition of funds will continue to be temporarily exempted from individual income tax.

MAIN PRC TAXES OF THE COMPANY

Please refer to “Regulatory Overview” of the document.

FOREIGN EXCHANGE

The lawful currency of the PRC is the Renminbi, which is currently subject to foreign exchange control and is not freely convertible into foreign currencies. The SAFE, under the authority of PBOC, is responsible for administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations on Foreign Exchange Control of the PRC (中華人民共和國外匯管理條例) (the “Foreign Exchange Control Regulations”), which was issued by the State Council on January 29, 1996 and implemented on April 1, 1996, classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. Pursuant to the Foreign Exchange Control Regulations amended on January 14, 1997 and August 1, 2008, the PRC will not impose restriction on international current payments and transfers.

According 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), which was promulgated by the PBOC on June 20, 1996, it removes other restrictions on convertibility of foreign exchange under current items, while retaining existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued 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 Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi 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 Renminbi transactions on the following working day.

On August 5, 2008, the State Council promulgated the revised Foreign Exchange Control Regulations, which have made substantial changes to the foreign exchange supervision system of the PRC. First, it has adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited

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overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, it has improved the RMB exchange rate formation mechanism based on market supply and demand; third, in the event that international revenues and expenditure occur or may occur a material imbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure; fourth, it has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the SAFE to enhance its supervisory and administrative powers.

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 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 Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was 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.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued 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 prospectus and other disclosure documents.

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 (Hui Fa [2015] No. 13) (《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 issued by the SAFE on February 13, 2015 and came into effect on June 1, 2015, it has canceled two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead,

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banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (Hui Fa [2016] No. 16) (《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》) which was 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 adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, 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 (Hui Fa [2017] No. 3) (《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》) was promulgated by the SAFE and implemented 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.

On October 23, 2019, the SAFE issued the Notice on Further Facilitating Cross-Board Trade and Investment (Hui fa [2019] No. 28) (《關於進一步促進跨境貿易投資便利化的通知》), which canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.