

1. 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 resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current law and practice, is subject to change and does not constitute legal or tax advice. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of the Latest Practicable Date, which is subject to change and may have retrospective effect.

No issues of PRC or Hong Kong taxation other than income tax, capital tax, stamp duty and estate duty are addressed in this discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

(1) The PRC Taxation

A. 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 “**IIT Law**”), which was latest amended on August 31, 2018 and the Implementation Provisions 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》), which was latest amended on December 18, 2018, dividends distributed by PRC enterprises are subject to PRC withholding tax levied at a flat rate of 20%. 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 withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by applicable tax treaty.

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 came into effect on September 8, 2015, where an individual holds more than one year of the shares of a listed company obtained from the public offering and transfer of the stock market of the listed company, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfer of the stock market by the listed company, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable

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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%.

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》), which was issued on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents 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.

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** (《企業所得稅法》)”) amended by the NPC and became effective on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》) amended by the State Council and became effective on April 23, 2019, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-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 PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation. Such withholding tax payable by non-resident enterprises is deducted at source, where the payer, as the obligor for the withholding tax, is 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 Circular on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《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), which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas nonresident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Corporate Income Tax on Dividends Derived by Nonresident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票

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股息徵收企業所得稅問題的批覆》(Guo Shui Han [2009] No. 394), which was issued by the SAT and implemented on July 24, 2009, further provides that any PRC-resident enterprise listed on overseas stock exchanges must withhold and remit corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to nonresident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with the relevant jurisdictions, 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》), which was issued 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.

Tax agreements

Non-PRC resident investors residing in countries which have entered into agreements for the avoidance of double taxation with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC has entered into Avoidance of Double Taxation Arrangements with a number of countries and regions including but not limited to Hong Kong, Macau, 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 income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

B. Taxation on Share Transfer

Individual Investor

According to the IIT Law and its implementation provisions, gains realized on the sale of equity interests in the PRC resident enterprises are subject to income tax at a rate of 20%.

Pursuant to the Circular of the MOF and SAT on continuing to exempt Individual Income Tax over Individual Income from Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the State Administration of Taxation,

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from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. Under the latest Individual Income Tax Law amended on August 31, 2018 and its latest implementation regulations amended on December 18, 2018, the State Administration of Taxation has not explicitly stated whether it will continue to exempt from income tax for the income derived from the transfer of listed shares by individuals. However, on December 31, 2009, the MOF, the State Administration of Taxation and CSRC jointly issued 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 (《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), states that individuals’ income from the transfer of listed shares on certain domestic stock exchanges shall continue to be exempted from individual income tax, except for the specific restricted shares (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 (《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》) (Cai Shui [2010] No. 70)). As of the Latest Practicable Date, no aforesaid provisions had 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. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed on overseas stock exchange.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a EIT on its PRC-sourced income at a rate of 10% (including proceeds derived from the sale of equity securities of PRC resident enterprises). Such income tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the enterprise income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such withholding tax may be reduced or exempted to avoid double taxation in accordance with applicable agreements or protocols.

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C. Stamp Duty

Pursuant to the Stamp Duty Law of the People’s Republic of China, which was amended on June 10, 2021 and came into effect on July 1, 2022, the PRC stamp duty is applicable to all kinds of documents which are legally binding in the PRC and protected by the PRC laws. Therefore, the PRC stamp duty does not apply to the acquisition or disposal of H Shares outside the PRC.

D. Estate Duty

As at the Latest Practicable Date, no estate duty has been levied in the PRC under the PRC laws.

(2) Hong Kong Taxation**A. Taxation on Dividends**

No tax is payable in Hong Kong in respect of dividends paid by our Company.

B. Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

C. Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.20% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of Shares.

D. AFRC Transaction Levy

Starting from January 1, 2022, the AFRC transaction levy will apply to all securities purchases and sales, which will be calculated based on the interest rate of both parties at 0.00015%, and be regarded as a transaction cost.

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E. *Estate Duty*

Hong Kong estate duty was abolished effective from February 11, 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

2. FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely convertible into foreign exchange. The SAFE, under the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (the “**Regulations on Foreign Exchange Administration**”) which became effective on April 1, 1996. The Regulations on Foreign Exchange Administration classifies all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to the SAFE’s approval, while capital account items are still subject to such approval. The Regulations on Foreign Exchange Administration were subsequently amended on January 14, 1997 and August 5, 2008. The latest amendment to the Regulations on Foreign Exchange Administration clearly states that PRC will not impose any restriction on international payments and transfers under the current account items.

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

According to the Announcement on Reforming the RMB Exchange Rate Regime issued by the People’s Bank of China (PBOC Announcement [2005] No. 16) on July 21, 2005, starting from July 21, 2005, the PRC will reform the exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. Renminbi is no longer pegged to US dollar. The People’s Bank of China will announce the closing price of a foreign currency such as the US dollar traded against the RMB in the interbank foreign exchange market after the closing of the market on each working day, and will make it the central parity for the trading against the RMB on the following working day.

Starting from January 4, 2006, the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, the PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On July 1, 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trading Center

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to make inquiries with all the market-makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD of the current day, which shall be finally decided on the weighted average of the prices of all market makers after excluding the highest and lowest quotations, and announce it at 9:15 a.m. on each working day.

On 5 August 2008, the State Council promulgated the amended Regulations on Foreign Exchange Administration (外匯管理條例) (the “**Amended Regulations on Foreign Exchange**”) which made significant changes on the supervisory system for foreign exchange in the PRC. Firstly, the Amended Regulations on Foreign Exchange adopted balanced treatment on the inflow and outflow of foreign capital. Incomes in foreign currencies overseas can be remitted to the PRC or remained overseas, and foreign currencies of capital account items and funds for settlement in foreign currencies can only be used according to the purposes approved by relevant competent authorities and foreign exchange administration. Secondly, the Amended Regulations on Foreign Exchange improved the RMB exchange mechanism based on market supply and demand. Thirdly, the Amended Regulations on Foreign Exchange enhanced the monitoring of cross-border capital flow in foreign currencies, whereby the state could implement necessary protection or controlling measures on international balance of payments when material imbalance of income and expenses related to cross-border trading arise or might arise, or serious crises in the domestic economy occur or might occur. Fourthly, the Amended Regulations on Foreign Exchange enhanced the regulation and administration on foreign currency trading, and granted extensive authorisation to the SAFE to enhance its supervisory and administrative capacity.

On August 11, 2015, the PBOC announced to improve the central parity of RMB against U.S. dollar by authorizing market-makers to provide parity to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies.

All foreign exchange income generated from current account transactions of PRC enterprises may be either retained or sold to financial institutions engaging in the settlement or sale of foreign exchange pursuant to relevant rules and regulations of the State. Foreign exchange income from loans issued by organisations outside the territory or from the issuance of bonds and shares (for example foreign exchange income received by us from the sale of shares overseas) is not required to be sold to designated foreign exchange banks, but may be deposited into foreign exchange accounts at the designated foreign exchange banks. PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the State Administrative of Foreign Exchange, effect exchange and 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 the relevant 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’

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meeting on the distribution of profits, effect exchange and payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment of dividends at the designated foreign exchange bank.

On October 23, 2014, the State Council promulgated the Decision on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (Guo Fa [2014] No. 50) (關於取消和調整一批行政審批項目等事項的決定), which canceled the administrative approval by the SAFE and its branches over matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

On December 26, 2014, the SAFE issued the Notice 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), pursuant to which a domestic issuer shall, within 15 working days after the completion of the initial offering of shares for its overseas listing, register overseas listing with the Foreign Exchange Bureau at the place of its incorporation; the proceeds from an overseas listing may be remitted to the corresponding 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. Approval by the SAFE is needed to convert the proceeds deposited in the domestic account to Renminbi. According 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) which was promulgated by the SAFE on June 9, 2016, foreign currency earnings in capital account (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.