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## APPENDIX IV

## TAXATION AND FOREIGN EXCHANGE

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### 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 legal or tax comments or suggestions will be made accordingly. The discussion has no intention to deal with all possible tax consequences resulting from the [REDACTED] in H Shares, nor does it take into account the specific circumstances of any particular investor, 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 fully 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/appreciation tax, stamp duty and estate duty were referred in the discussion. [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 [REDACTED]*

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was promulgated on September 10, 1980 and most recently amended on August 31, 2018 by the Standing Committee of the National People’s Congress (the “NPC”), and came into effect on January 1, 2019, 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 most recently amended by the State Council on December 18, 2018 and came into effect on January 1, 2019 (collectively the “IIT Law”), dividends distributed by PRC enterprises are generally subject to a withholding individual income tax levied at a flat rate of 20%. Moreover, pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《財政部、國家稅務總局、證監會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 “MOF”), the State Taxation Administration (the “STA”) and CSRC on September 7, 2015, where an individual acquires stocks of a listed enterprise from public offering of the enterprise or from the stock transfer market and holds the stocks for more than one year, the income from dividends distributed by the enterprise shall be exempt from individual income tax for the time being; if the individual holds the stocks for one month or less, the income from dividends distributed by the enterprise shall be fully taxable; if the individual holds the stocks for one month to one year (one year inclusive), 50% of the income from dividends distributed by the enterprise shall be taxable; the aforesaid income is subject to an individual income tax at a flat rate of 20%.

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For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to a withholding individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. Indeed, the withholding tax rate for dividends of non-resident individuals may be lower than 20% under certain circumstances. However, pursuant to the Circular of the MOF and the STA on Issues Concerning Individual Income Tax Policies (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》), the income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise is exempt from individual income tax for the time being. On February 3, 2013, the State Council approved and promulgated the Notice of the State Council on Approving and Relaying the Several Opinions of the National Development and Reform Commission and Other Departments on Deepening Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Notice of the General Office of the State Council on Deepening the Division of Key Work for Income Distribution System Reform (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). Pursuant to these two documents, the PRC government is planning to cancel foreign individuals’ tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the STA should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the STA.

Pursuant to the Notice of the STA on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 045) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the STA on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, normally withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount will be refunded. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or are under other situations, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed by the Central People’s Government of Mainland of China and the Government of the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10%

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of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by The STA and effective 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.

***Enterprise [REDACTED]***

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued by NPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Provisions of 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》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on April 23, 2019 (collectively the “EIT Law”), a non-resident enterprise is generally subject to a 10% enterprise income tax (the “EIT”) on PRC-sourced income (including dividends 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 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. The withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation. Notice of the STA 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 (《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》), which was promulgated by the STA and came into effect 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 non-resident enterprise shareholders of H Shares. The Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (《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》) that was promulgated by the STA on July 24, 2009, further provides that any Chinese resident enterprise listed on any overseas stock exchange must withhold EIT at a rate of 10% on dividends distributed to non-Chinese resident enterprise shareholders. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed by the Central People’s Government of Mainland of China and the Government of the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong

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Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the STA and effective 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.

### *Tax Treaties*

Non-resident [REDACTED] residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate 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. 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 corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the STA on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

### **Taxation on Share Transfer**

#### *Value-added Tax and Local Additional Tax*

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (the “**Circular 36**”), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to value-added Tax (“**VAT**”) and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of

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the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge.

**Income Tax*****Individual [REDACTED]***

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual 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 (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the STA 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 STA 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 latest amended Individual Income Tax Law.

However, on December 31, 2009, the MOF, STA 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》), which came into effect on January 1, 2010, which states that 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 (《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 aforesaid 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.

***Enterprise [REDACTED]***

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% 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 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. 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.

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### *Tax policies for Shanghai — Hong Kong Stock Connect*

On October 31, 2014, the MOF, the STA and the CSRC jointly promulgated the Circular on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (the “**Shanghai — Hong Kong Stock Connect Taxation Policy**”). Pursuant to the Shanghai — Hong Kong Stock Connect Taxation Policy, the income from the transfer price difference obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shanghai — Hong Kong Stock Connect is included in their total income and EIT is levied on such income in accordance with the law. The income from dividends and bonus obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shanghai — Hong Kong Stock Connect is included in their total income. The EIT is levied on such income in accordance with the law. Among them, EIT will be exempt according to law for income from dividends and bonus obtained by resident enterprises of the Mainland of China that hold H-shares for at least 12 consecutive months. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by corporate investors of the Mainland of China. The tax payable shall be declared and paid by the enterprises themselves.

Pursuant to the Announcement on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai — Hong Kong Stock Markets and Shenzhen — Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region (《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》) that came into effect on December 5, 2019 and already expired, from December 5, 2019 to December 31, 2022, the income from the transfer price difference obtained by individual investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect is exempt from individual income tax. For dividends and bonus obtained by individual investors of the Mainland of China investing in H-shares listed on the Hong Kong Stock Exchange through Shanghai — Hong Kong Stock Connect, the H-share companies shall apply to China Securities Depository and Clearing Corporation Limited (the “**CSDCC**”) for provision by the CSDCC to the H-share companies the register of individual investors of the Mainland of China. The H-share companies shall withhold individual income tax at a rate of 20%. According to the Announcement on the Extension of Relevant Preferential Policies for Individual Income Tax (《關於延續實施有關個人所得稅優惠政策的公告》) issued by MOF and the STA on January 16, 2023 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 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》) which promulgated on 21 August 2023 and implemented on the same date, the above-mentioned individual income tax policy shall continue to apply during the period from January 1, 2023 to December 31, 2027.

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*Tax policies for Shenzhen — Hong Kong Stock Connect*

On November 5, 2016, the MOF, the STA and the CSRC jointly issued the Circular on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (the “**Shenzhen — Hong Kong Stock Connect Taxation Policy**”). Pursuant to the Shenzhen — Hong Kong Stock Connect Taxation Policy, the income from the transfer price difference obtained by corporate investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shenzhen — Hong Kong Stock Connect is included in their total income. The EIT is levied on such income in accordance with the law. The income from dividends and bonus obtained by corporate investors of the Mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shenzhen — Hong Kong Stock Connect is included in their total income. The EIT is levied on such income in accordance with the law. EIT is exempt according to law for income from dividends and bonus obtained by resident enterprises of the Mainland of China that hold H-shares for at least 12 consecutive months. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by corporate investors of the Mainland of China. The tax payable shall be declared and paid by the enterprises themselves.

Pursuant to the Announcement on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai — Hong Kong Stock Markets and Shenzhen — Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region (《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》) that came into effect on December 5, 2019 and already expired, from December 5, 2019 to December 31, 2022, the income from the transfer price difference obtained by individual investors of the mainland of China investing in stocks listed on the Hong Kong Stock Exchange through Shenzhen — Hong Kong Stock Connect are exempt from individual income tax. For dividends and bonus obtained by individual investors of the Mainland of China investing in the H Shares listed on the Hong Kong Stock Exchange through Shenzhen — Hong Kong Stock Connect, the H-share companies shall apply to the CSDCC for provision by the CSDCC to the H-share companies the register of individual investors of the Mainland of China, and the H-share companies shall withhold individual income tax at a rate of 20%. Pursuant to the Announcement on the Extension of Relevant Preferential Individual Income Tax Policies (《關於延續實施有關個人所得稅優惠政策的公告》) that came into effect on January 16, 2023 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 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》) which promulgated on 21 August 2023 and implemented on the same date, the preferential IIT policies stated in the Announcement on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai — Hong Kong Stock Markets and Shenzhen — Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region shall continue to be in effect from January 1, 2023 to December 31, 2027.

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***Stamp Duty***

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) promulgated on June 10, 2021 which took effect on July 1, 2022, the entities and individuals that conclude taxable certificates, or conduct securities transactions within the territory of the PRC shall be taxpayers of stamp tax, and shall pay stamp tax in accordance with the provisions of this law; where entities or individuals, outside the territory of the PRC, conclude taxable certificates that are used within the territory of the PRC, they shall pay stamp tax in accordance with the provisions of this law. 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.

***Estate Duty***

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

**FOREIGN EXCHANGE**

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange (the “SAFE”), with the authorization of the People’s Bank of China (the “PBOC”), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations. The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996, implemented on April 1, 1996 and was subsequently amended on January 14, 1997 and August 5, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited 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. 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.

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 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items. Consequently, Renminbi is generally



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freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but remains to be not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the SAFE or its local counterparts is obtained.

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.

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 the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders’ meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) 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 (《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 the SAFE 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.

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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, implemented on June 9, 2016 and was amended on December 4, 2023, 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. The Circular on Issues Concerning the Administration of Foreign Exchange in Offshore Investments and Financing and Return Investments by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**Circular 37**”) was promulgated and implemented by the SAFE on July 4, 2014. According to Circular 37, domestic residents, individuals and entities shall apply to the SAFE for registration of foreign exchange for offshore investment before making contributions to special purpose vehicles with domestic and overseas legal assets or equities. In addition, any domestic resident who is a shareholder of an overseas special purpose vehicle shall complete the registration formality of foreign exchange alteration for offshore investment with the SAFE in a timely manner in the event of any change of significant matters of such overseas special purpose vehicle such as capital increase/decrease, equity transfer or swap, merge and spin-off.

The subsequent foreign exchange business (including remittance of profits and dividend) of a domestic resident who fails to comply with the registration requirements as set out in Circular 37 may be restricted. Domestic residents that have made contributions to special purpose vehicles with domestic and overseas legal assets or equities without the required registration of foreign exchange for offshore investment prior to the implementation of Circular 37 shall issue a letter of explanation to the SAFE containing specific reasons. The SAFE shall make a post-registration following the principles of legality and rationality and impose administrative penalties in case of suspected violation of the Regulations on Foreign Exchange Control of the PRC.

According to the Circular on Further Simplifying and Improving Policies for the Foreign Exchange Administration Applicable to Direct Investment (《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, came into effect 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 and the foreign exchange authorities shall indirectly regulate the foreign exchange registration of direct investment through banks. The banks that have obtained financial institution identification codes from foreign exchange authorities and have connected to the Capital Account Information System with the local foreign exchange authorities may directly handle the registration under Circular 37.