TAXATION ON HOLDERS OF SECURITIES

The following is a summary of certain PRC and Hong Kong taxation consequences of the ownership of H Shares by an investor who purchases such H Shares in connection with the Global Offering and holds the H Shares as capital assets. This summary does not purport to address all material taxation 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 rules. This summary is based on the tax laws of the PRC and Hong Kong as in effect on the date as of the date of this prospectus, all of which are subject to change (or changes in interpretation) and may have retroactive effect.

This section of this prospectus does not address any aspects of Hong Kong or PRC 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.

PRC

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) ("IIT Law") issued on September 10, 1980 by the Fifth National People's Congress Standing Committee, modified on June 30, 2011 and taking effect on September 1, 2011, 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) modified by the State Council on July 19, 2011 and taking effect on September 1, 2011, a 20% withholding tax shall be deducted from the dividend paid by Chinese company to individual investors. Meanwhile, pursuant to *the Notice on Implementing Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies* (Caishui [2015] No.101) (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 on September 7, 2015, for shares of listed companies obtained by individuals from public offerings or the market, where the holding period exceeds one year, the dividends shall be exempted from individual income tax; for shares of listed companies obtained by individuals from public offerings or the market, where the holding period is less than one month (inclusive), the dividends shall be counted as taxable income in the full amount; where the holding period is more than one month and less than one year (inclusive), 50% of the dividends shall be counted as taxable income on a provisional basis. The individual income tax rate of 20% shall be applicable for all incomes mentioned above.

For foreign individuals who are not Chinese resident, a 20% individual income tax shall be deducted from the dividend got from Chinese company, unless there is special exempt approved by tax department of the State Council or special deduction permitted by applicable tax agreement.

According to the *Circular on the Individual Income Tax Collection and Administration after the GSF [1993] No. 045 Document is Abolished* (GSH [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) issued on June 28, 2011 by the State Administration of Taxation, if non-foreign-invested enterprises in China offer stocks in public in Hong Kong, the individual investors of overseas resident can enjoy relevant tax preference according to the tax agreement signed by the country of these investors and China. The non-foreign-invested enterprises in China ("relevant non-foreign-invested enterprises in China") who has offered stocks in public in

Hong Kong shall pay a 10% individual income tax on the dividend paid to individual investors of overseas resident ("relevant individual investors") without applying to China tax authority. If the tax rate of 10% is not applicable, relevant non-foreign-invested enterprises in China shall (i) if the country of relevant individual investors has entered an income tax treaty with China provided a tax rate lower than 10%, relevant non-foreign-invested enterprises can apply for the preference on behalf of these investors, and the excess tax shall be returned in accordance with *Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Agreements (Announcement No. 60 [2015] of the State Administration of Taxation)* (非居民納税人享受税收協定待遇管理辦法); (ii) if the country of relevant individual investors has entered an income tax treaty with China provided a tax rate higher than 10% but lower than 20%, relevant non-foreign-invested enterprises shall pay tax based on the treaty without application; (iii) if the country of relevant individual investors has entered no income tax treaty with China or in other cases, relevant non-foreign-invested enterprises shall pay a 20% individual income tax.

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税法) ("EIT Law") issued on March 16, 2007 by the Tenth National People's Congress Standing Committee and taking effect on January 1, 2008, and *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税法實施條例) issued on December 6, 2007 and taking effect on January 1, 2008 by the State Council if the non-resident enterprise has no institution or operating site in China or their income is irrelevant to the institution or operating site, an enterprise income tax of 10% shall be paid on the income obtained in China. The withholding tax can be reduced according to the treaty on the avoidance of double taxation after applying and being approved.

According to the *Circular of the State Administration of Taxation on the Withholding and Remitting of Enterprise Income Tax on the Dividend Distributed by Chinese Resident Enterprise to Overseas H-Share Non-resident Enterprise* (GSH [2008] No. 897) (關於中國居民企業向境外H股非居民企業股東派發股利代扣代繳企業所得税有關問題的通知) issued by the State Administration of Taxation and taking effect on November 6, 2008, Chinese resident enterprise shall pay an enterprise income tax of 10% when distributing dividend in and after 2008 to H-share holders of overseas non-resident enterprises. The withholding tax can be reduced according to the treaty on the avoidance of double taxation after applying and being approved.

According to the *Arrangement on the Avoidance of Double Taxation and Smuggling of Income Tax in Mainland and Hong Kong* (內地和香港特別行政區關於對所得税避免雙重徵税和防止偷漏税的安排) signed by the mainland and Hong Kong on August 21, 2006 in regard to income tax issues, the Chinese government can levy on the dividend payable by Chinese company to Hong Kong residents (including natural persons and legal entities) with a rate lower than or equal to 10% of the total dividend, if Hong Kong residents hold at least 25% stock rights in Chinese company, the tax rate cannot exceed 5% of the total dividend payable after applying to and being approved by Chinese tax authority.

Taxation treaty

Investors who are not PRC residents and reside in countries which have signed a treaty on the avoidance of double taxation with China reserve right to the reduction of withholding tax on the dividend got from Chinese companies. China has entered the treaty on the avoidance of double

taxation with many countries including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, Netherlands, Singapore, England and America.

Capital Gains Tax

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 of the MOF and SAT on Declaring that Individual Income Tax Continues to Be Exempted over Individual Income Tax 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 SAT on March 20, 1998, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax. After the latest amendment to the IIT Law on June 30, 2011 and its implementation rules amended on July 19, 2011 and implemented on September 1, 2011, 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, SAT and CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Moratorium Shares 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 individual income tax, except for shares of certain specified companies (as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax (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) over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation issued by the MOF, SAT and CSRC on November 10, 2010). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges such as the Hong Kong Stock Exchange. In practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

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 applicable treaties or agreements on avoidance of double taxation.

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

Pursuant to Notice on Continuing to Implement the Relevant Individual Income Tax Policies for Shanghai-Hong Kong Stock Interconnection ((關於繼續執行滬港通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 came into effect on

November 17, 2017, and Notice on Tax Policies for Shenzhen-Hong Kong Stock Interconnection Pilot Programme (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) (Cai Shui [2016] No. 127) which came into effect on December 5, 2016, (1) Individual mainland investors' income from price differences of investment in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Interconnection shall be temporarily exempted from individual income tax from November 17, 2017 to December 4, 2019, and that through Shenzhen-Hong Kong Stock Interconnection shall be temporarily exempted from individual income tax from December 5, 2016 to December 4, 2019. (2) Mainland corporate investors' income from price differences of investment in H shares of the Company through the Shanghai-Hong Kong Stock Interconnection or Shenzhen-Hong Kong Stock Interconnection shall be included into the total income and shall be subject to the enterprise income tax. (3) For dividends and bonuses obtained by individual mainland investors and mainland securities investment funds from investment in H shares of the Company through the Shanghai-Hong Kong Stock Interconnection or Shenzhen-Hong Kong Stock Interconnection, the Company withholds the individual income tax at the tax rate of 20%. (4) Mainland corporate investors' income from dividends and bonuses of investment in H shares of the Company through the Shanghai-Hong Kong Stock Interconnection or Shenzhen-Hong Kong Stock Interconnection shall be included into the total income and shall be subject to the enterprise income tax. The Company shall not withhold income tax of dividends and bonuses for mainland corporate investors.

Other Tax Issues in China

PRC stamp duty

According to the *Provisional Regulations of the People's Republic of China on Stamp Tax* (中華人民共和國印花稅暫行條例) amended on January 8, 2011, the PRC stamp duty levied on the transfer of stocks of Chinese listing companies is not applicable to the H-share purchased and disposed overseas by non-Chinese investors. The *Provisional Regulations of the People's Republic of China on Stamp Tax* (中華人民共和國印花稅暫行條例實施細則) specifies that the PRC stamp duty is only applicable to documents signed or received in China, having legal effect in China and protected by Chinese laws.

Estate duty

In current legal environment of China, non-Chinese resident holding H-share shall pay no estate duty.

Main PRC Taxes of the Company

Income tax

According to the EIT Law, enterprises and institutions founded in China shall pay an enterprise income tax at a rate of 25%.

VAT

According to *the Provisional Regulations of the People's Republic of China on Value-added Tax* (中華人民共和國增值稅暫行條例) amended on February 6, 2016, enterprises and individuals that engage in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC as specified by such regulations are subject to Value-added tax. Unless otherwise provided in the provisional regulations, the tax rate is generally 17% for taxpayers selling or importing goods.

Pursuant to *the Pilot Plan for Levying Value-added Tax in Lieu of Business Tax* (Caishui [2011] No.110) (營業税改徵增值税試點方案) promulgated by the MOF and SAT, effective on November 16, 2011, starting from January 1, 2012, the State started the pilot taxation reform of collecting VAT in lieu of business tax in certain regions (including Shanghai and Beijing) and in certain pilot industries (including transportation and certain modern service industries).

Pursuant to *the Notice on Implementing the Pilot Plan for Levying Value-added Tax in Lieu of Business Tax Nationwide* (Caishui [2016] No.36) (關於全面推開營業税改征增值税試點的通知) issued by the MOF and SAT on March 23, 2016 and effective from May 1, 2016, from May 1, 2016 onwards, the pilot reform for the transition from business tax to VAT ("Business Tax to VAT") is implemented nationwide. Pursuant to the Implementation Measures for Transition from Business Tax to Value-added Tax (營業税改征增值税試點實施辦法), unless otherwise provided in the implementation measures, the tax rate is generally 6% for tax payers who conducted taxable behaviors.

HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

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 exchange. 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.

In accordance with *the Notice of the State Council on Further Reforming the Foreign Exchange Management System* (Guo Fa [1993] No. 89) (關於進一步改革外匯管理體制的通知) issued by the State Council, since January 1, 1994, the conditional convertibility of Renminbi in current account items has been implemented, and the official Renminbi exchange rate and the market rate for Renminbi have been unified. The former dual exchange rate system for Renminbi had been abolished and a unitary and managed floating rate based on market demand and supply was introduced. The PBOC set and published daily the medium price of Renminbi against the US dollar and the exchange rates of Renminbi against other currencies in reference to the changes in the international foreign exchange markets, which was permitted to float to a certain extent in foreign exchange transactions.

On January 29, 1996, the State Council promulgated new *Regulations of the PRC for Foreign Exchange Control* (中華人民共和國外匯管理條例) (the "Foreign Exchange Control Regulations") which became effective on April 1, 1996. The Foreign Exchange Control Regulations 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 SAFE's approval, while capital account items still are. The Foreign Exchange Control Regulations were subsequently amended on January 14, 1997 and August 1, 2008. The latest amendment to the Foreign Exchange Control Regulations clearly states that the State will not impose any restriction on international current account payments and transfers.

On June 20, 1996, the PBOC promulgated *the 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 the remaining 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 Improving the Reform of the Renminbi* (PBOC Announcement [2005] No. 16) (關於完善人民幣匯率形成機制改革的公告) issued by the PBOC on July 21, 2005 and effective on the same date, the PRC began 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. The Renminbi exchange rate was no longer pegged to the US dollar. The PBOC would publish the closing price of the Renminbi against foreign currencies such as the US dollar in the inter-bank foreign exchange market after the closing of the market on each business day, and would fix the central parity for Renminbi transactions on the following business day.

Starting from January 4, 2006, the PBOC introduced over-the-counter transactions into the inter-bank 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 Trade System to make inquiries with the market makers before the inter-bank 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, and announce it at 9:15 a.m. on each business day.

On August 5, 2008, the State Council promulgated the revised *Regulations of the PRC for Foreign Exchange Control* (中華人民共和國外匯管理條例) (the "Revised Foreign Exchange Control Regulations"), which have made substantial changes to the foreign exchange supervision system of the PRC. First, the Revised Foreign Exchange Control Regulations have adopted an approach of balancing the inflow and outflow of foreign exchange. 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. Second, the Revised Foreign Exchange Control Regulations have improved the mechanism for determining the RMB exchange rate based on market supply and demand. Third, the Revised Foreign Exchange Control Regulations have enhanced the monitoring of cross-border foreign currency fund flows. In the event that revenues and costs in connection with international transactions suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures. Fourth, the Revised Foreign Exchange Control Regulations have enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the SAFE to enhance its supervisory and administrative powers.

Pursuant to the relevant State rules and regulations, all of the foreign exchange revenue of the PRC enterprises from the existing current account transactions may be retained or sold to financial institutions operating a foreign exchange sale or settlement business. Foreign exchange income from loans granted by overseas entities or from the issuance of bonds and shares is not required to be sold to, but may be deposited in foreign exchange accounts at, designated foreign exchange banks.

PRC enterprises (including foreign investment enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of the SAFE, effect exchange and payment from their foreign exchange accounts or at the designated foreign exchange banks, 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 approving the distribution of profits, effect exchange and payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

The *Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters* (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, 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.

According to *the Notice on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing* (Hui Fa [2014] No.54) (關於境外上市外滙管理有關問題的通知) 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 the prospectus and other disclosure documents. Approval by the SAFE is needed to convert the funds in the domestic designated account to Renminbi.

According to *the Notice on Revolutionize and Regulate Capital Account Settlement Management Policies* (Hui Fa [2016] No.16) (關於改革和規範資本項目結滙管理政策的通知) issued by the SAFE on June 15, 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.