

25<sup>th</sup> November 2022

Dear Valued Customer,

**Re: Notice of Significant Changes to The Tax Rules of U.S. Publicly Traded Partnerships**

Thank you for using the Securities Trading Services of Industrial and Commercial Bank of China (Asia) Limited ("ICBC (Asia)" or "the Bank").

The U.S. Internal Revenue Service ("IRS") recently imposed an amendment to section 1446(f) Internal Revenue Code Section ("IRC Section") regarding the withholding tax on the transfer of Publicly Traded Partnerships ("PTP") securities with effect from 1 January 2023. After coming into effective, non-US investors will be incurred with relevant US tax costs when holding, selling, trading or transferring PTP related securities. For details, please refer to the relevant announcements on the IRS website.

In response to the impact of the new regulations, from December 27, 2022 onwards the Bank will stop the purchase, sale, trading or other transfer (including any transaction with the exceptions listed in this regulation) of the affected PTP securities. Besides, you are reminded to beware the following matters:

1. The above arrangements are based on the current IRS announcements and regulations, the actual implementation may be different due to future changes in regulations. The Bank will not notify any changes concerning the related laws and regulations on PTP products in the future, you are required to pay attention to the development of the relevant regulations of your own investment, and understand their impacts on your own rights.
2. Since the IRS does not provide a list of PTP securities, the Bank can only make reference to the information and data from the market and market data providers to exercise every efforts from stopping the purchase, sale, trading or other transfer instructions of PTP securities as much as possible, yet no guarantee can be made to stop ALL purchase, sale, trading or other transfer instructions of PTP securities. Please pay attention to the relevant announcements from the IRS to avoid affecting your own rights and interests. If you do hold, purchase, sell, trade or transfer PTP related securities that are not restrained from the Bank after the relevant regulatory amendments take effect, you are required to be taxed according to the relevant requirements.
  - When interest is distributed: 37% tax is levied on the amount distributed;
  - When selling, trading or transferring PTP securities for payment: 10% tax of the amount realized on that sale or exchange is withheld.
3. If you are holding any PTP related securities, you may consider seeking independent tax and professional advice to understand the tax costs derived from holding, trading, exchanging or other transferring of PTP securities and the impact on the rights and interests related to assets allocation, and make own consideration on whether to review the relevant portfolio by the end of 2022.

**References:**

- I. IRS instructions on PTP products:  
<https://www.irs.gov/individuals/international-taxpayers/publicly-traded-partnerships>
- II. Relevant excerpts from IRS withholding on PTP transactions:  
<https://www.irs.gov/individuals/international-taxpayers/partnership-withholding>
- III. IRS announcement regarding the effective date of withholding on PTP transactions:  
<https://www.irs.gov/pub/irs-drop/n-21-51.pdf>

For any inquiries, please contact our Securities Enquiry Hotline at (852) 3471 8711.

Industrial and Commercial Bank of China (Asia) Limited

(This is a computer-generated letter and no signature is required)