

China Development Financial Holding Corporation

Tax Governance Policy

Jurisdiction: Finance Department

Approved on: March 27, 2018

Promulgated on: April 25, 2022

- Article 1 The Tax Governance Policy (hereinafter referred to as the "Policy") has been adopted to enable the Company and its subsidiaries to conduct tax governance in compliance with international practices, strengthen its tax compliance, fulfill its corporate social responsibilities, and achieve sustainable development.
- Article 2 The Policy should be complied with by the Company and its subsidiaries.
- Article 3 To ensure stable business operations, sustainable business growth, and risk management, the Policy requires the deployment of tax strategies in accordance with the following principles:
1. Compliance with tax laws and regulations – Comply with the letter as well as the spirit of the tax laws and regulations in the countries in which the company operates. Properly handle and manage tax matters and tax reporting with diligence in accordance with respective tax laws and regulations, as well as fulfill social responsibility as taxpayers.
 2. Management of tax risk – In advance of conducting the business, tax evaluation and assessment should be performed with consideration of Company's reputation, risk management, and sustainable operation. To control tax risk effectively, external expert opinion will be sought as required.
 3. Compliance with economic substance – Do not transfer value created to low tax jurisdictions for the sole

purpose of tax avoidance. Comply with the arm's length principles for transfer pricing transactions.

4. Approach to dealing with tax authority – Maintain an appropriate, honest, and open relationship with the tax authority to dispel doubt about important tax issues through proper communication and interpretation.
5. Information transparency – Comply with all relevant regulations, such as financial reporting guidelines and annual report disclosure of tax information, to increase tax transparency.
6. Strengthen tax expertise – Strengthen expertise of tax employees via internal and external training, as well as continuous updates to changes in tax laws and regulations.

Article 4 Governance authority and responsibilities are as follows:

1. The Board of Directors –
The ultimate tax governance authority rests with the Board of Directors of the Company, responsible for approval and authorization of the Policy, as well as supervision of the effectiveness of tax governance.
2. Finance Department –
The day-to-day management of tax matters rests with the Finance Department of the Company, responsible for reporting to the Board of Directors on tax governance matters on an annual basis.

Article 5 The Company's governance of subsidiaries' tax matters should be based on the matrix and principles set forth in relevant regulations for supervision of subsidiaries, such as 「Supervisory Principles of Subsidiaries」 and 「The Guidelines for Delegation of Authority and Distribution of Responsibilities」. All subsidiaries engaging in the following events should evaluate its tax implications and follow the principles set forth in Article 3 of the Policy.

1. Investment in, set up, merger, or acquisition of a controllable entity.
2. Capital decrease or liquidation of controllable entities, or, shareholding restructuring of which results in substantial changes in controlling power in investee.
3. Tax planning strategies or decision for major transactions.
4. Correspondence with tax authorities in regards to tax disputes.
5. Correspondence with tax advisors in regard to significant tax issues or disputes.
6. Ruling application with tax authorities.
7. Any other tax issues with significant impact on financial reports.

Article 6 For effectiveness of tax governance, the Company shall closely monitor the development of domestic and international tax laws and regulations and amend the Policy as appropriate.

Article 7 This Policy is effective on the date it is promulgated after the Board of Directors' approval, and the same shall apply to its amendments.