

# Chailease Holding Company Limited

## Tax Governance Policy

Approved by the Board of Directors on May 11, 2020

### Chapter 1 General Provisions

- Article 1 The “Tax Governance Policy” (hereinafter referred to as “the Policy”) was formulated by Chailease Holding Company (“the Company”) in response to the international trends in tax governance and aims to fulfill its obligation as corporate citizen, implement enterprise sustainability development, enhance shareholder value, as well as fulfill its corporate social responsibility.
- Article 2 With respect to the control of tax risks under the Policy, the deployment of tax strategies and management of tax costs shall be consistent with the pursuit of stability and good faith.
- Article 3 The Policy shall be complied by the Company and its Subsidiaries (collectively called “the Group”).

### Chapter 2 Tax Governance Policy

- Article 4 Tax Governance Policy
1. Tax compliance: The Group shall comply with the spirit and the letter of the local tax laws and regulations without undertaking transactions simply for tax avoidance. The Group shall not engage in aggressive tax planning aiming to reduce tax burden as the sole purpose or shift profits to tax havens. To calculate the tax amount correctly and file tax returns by statutory deadlines according to the local tax laws.
  2. The optimization of the policy: To prudentially assess the tax risks and take corresponding measures under the reasonable operation needs, the Group shall consider the overall tax optimization, the economic risks and the tax reform in each jurisdictions.
  3. Information transparency: Tax related information will be disclosed publicly to stockholders in financial reports, annual reports and CSR reports on a regular basis to ensure transparency.
  4. Integrity of communication: To establish mutual trust and honest relationship with the tax authorities. Where possible, the Group will provide practical advice of the industry to improve the tax environment and taxation system.

5. In-house tax profession: To enhance employees' competencies in terms of the tax governance, the Group shall provide domestic and overseas training regularly.

## Chapter 3 Transfer Pricing Policy

Article 5 Tax avoidance should not be regarded as the main purpose, and rather the commercial substance for all related party transactions, and should also consider commercial, corporate social responsibility, risk control and sustainable development.

Article 6 Transfer pricing principles and tax management on the related-party transactions

1. The related-party transactions must be in accordance with reasonable commercial purposes, and their pricing should reflect the economic substance, the risks they bear, and the corresponding remuneration.
2. To ensure the price in cross-border transactions within the Group are followed by arm's-length principle and dealt with in accordance with the requirements of the local tax laws and regulations, the Group shall assess its related-party transactions separately.
3. The Group shall comply with the tax laws and regulations of its jurisdictions to prepare and file the transfer-pricing documents including related-party transactions or transfer-pricing schedules to local tax authorities.

## Chapter 4 Management Structure

Article 7 Responsibilities and organization of tax function:

1. Board of Directors

- (1) The Board of Directors has the highest authority to establish the effective tax risk control management.
- (2) To ensure the management mechanism operates effectively, the Board of Directors assess the overall tax governance policy in accordance with its operating strategy and business environment.

2. Tax Management Unit

The Tax Management Unit is the accounting and financial department. The Tax Management Unit shall provide the Group with the updated tax information, manage tax risks and lead the Group to comply with the Policy.

## Chapter 5 Supplementary Provisions

Article 8 The policy shall be reviewed and updated regularly to reflect changes in international and domestic tax laws and regulations.

Article 9 The Policy and its amendments shall be approved by the Board of Directors.