Announcement on Regulating Individual Income Tax Policies for the Transfer of Restricted Shares of Listed Companies

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Effective: August 28, 2026 (upon promulgation)

In order to regulate the individual income tax policies for the transfer of restricted shares of listed companies, the relevant matters are hereby announced as follows:

1. Income obtained by an individual from the transfer of restricted shares of a listed company shall be subject to individual income tax at the rate of 20% as "income from the transfer of property". For the purposes of this Announcement, "restricted shares" include the restricted shares specified in Article 2 of the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on Issues Concerning the Levying of Individual Income Tax on Income from the Transfer of Restricted Shares of Listed Companies by Individuals (Cai Shui [2009] No. 167), as well as bonus shares and shares converted from capital reserves that accrue after the lock-up expiry date and for which equity registration is completed after the implementation of this Announcement.

Where bonus shares, shares converted from capital reserves, or share consolidation occur in respect of restricted shares, the securities registration and clearing company shall adjust the original cost of the restricted shares based on the relevant ratio.

2. A listed company shall, in accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax on the Transfer of Restricted Shares of Listed Companies by Individuals Upon Completion of Technical and Institutional Preparations by Securities Institutions (Cai Shui [2011] No. 108), when applying to the securities registration and clearing company for initial registration of shares, report the detailed information on the original cost of restricted shares provided by individual restricted-share shareholders, as well as the attestation reports issued by accounting firms, tax agent firms and other intermediary institutions on such information.

After the implementation of this Announcement, where a listed company fails to report the original cost of restricted shares as required when applying for initial registration of shares, when an individual transfers the restricted shares, the securities institution shall calculate and withhold in advance the individual income tax at the rate of 20% based on the full amount of the restricted-share transfer income. After the tax has been withheld in advance, the taxpayer may complete the settlement filing in accordance with Article 3 of this Announcement.

Before the implementation of this Announcement, where a listed company has completed the initial registration of shares and did not report the original cost of the restricted shares, after the implementation of this Announcement, when an individual transfers the restricted shares, the securities institution shall withhold in advance the individual income tax and may determine the original cost and reasonable taxes and fees at 15% of the restricted-share transfer income. After the tax has been withheld in advance, the taxpayer shall complete the settlement filing in accordance with Article 3 of this Announcement.

3. Where the tax payable calculated by the taxpayer based on the actual transfer income and the actual cost of the restricted shares is greater than the tax withheld by the securities institution, or is less than the tax

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withheld by the securities institution and the taxpayer applies for a tax refund, the taxpayer shall, before June 30 of the year following the transfer of the restricted shares, provide the competent tax authority with the original cost of the restricted shares and other relevant information and complete the settlement filing, with any overpayment refunded and any underpayment made up.

4. For the purposes of this Announcement, "listed company" means a company limited by shares whose shares are listed and traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

5. Individual income tax on the transfer of original shares of companies listed on the National Equities Exchange and Quotations (hereinafter referred to as "NEEQ-listed companies") and companies listed on the Beijing Stock Exchange by individuals shall be administered in accordance with the provisions of this Announcement.

Before the implementation of this Announcement, in respect of original shares of a NEEQ-listed company for which initial registration has been completed and no cost basis has been reported, where such shares enter trading on the Beijing Stock Exchange through a public offering after the implementation of this Announcement, the securities institution shall withhold in advance the individual income tax and may determine the original cost and reasonable taxes and fees at 15% of the original-share transfer income. After the tax has been withheld in advance, the taxpayer shall complete the settlement filing in accordance with Article 3 of this Announcement.

6. This Announcement shall come into force on the date of its promulgation. Where any prior provisions are inconsistent with this Announcement, this Announcement shall prevail.

It is hereby announced.

Ministry of Finance, State Taxation Administration, China Securities Regulatory CommissionAugust 28, 2026

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