

November 22, 2022

Client Notification in Response to New Withholding Tax Rule on U.S. Publicly Traded Partnerships (“PTP”)

Dear Valued Clients

Thank you for choosing Everbright Securities International (“EBSI”) as your investment partner.

The Internal Revenue Service (IRS) issued a notice in accordance with Section 1446(f) of the U.S. Internal Revenue Code regarding the transfer of benefits to non-U.S. investors in a PTP, which will come into effect on January 1, 2023. **Unless an exception applies, an additional 10% withholding tax will apply to gross proceeds from the sale of a PTP and certain PTP distributions.**

You may refer to the below IRS website for more details relating to the aforesaid Section 1446(f) rules:

<https://www.irs.gov/individuals/international-taxpayers/partnership-withholding>

In addition, you are reminded to note the followings:

1. The above is based on the current IRS announcements and decrees. The implementation may be different due to future changes in regulations. EBSI will not notify any changes in the relevant laws and regulations on PTP products, but you should pay attention to your own investment positions, the development of laws and regulations and understand their impact on your own investments.

2. Owing to the fact that IRS has not provided an official list of PTPs, EBSI has prepared a list of PTPs based on the available market information, and will upload it to our below Company's website.

https://www.ebshkfg.com/hk/uploaded_files/product/187/PTP-list-en.pdf

EBSI cannot guarantee the completeness and accuracy of the list, and disclaims any responsibility for its completeness and accuracy. The list is for clients' reference only. you are advised to pay attention to the relevant risks.

3. If you hold PTPs, EBSI recommend you to consult your tax advisor as soon as possible to understand the impact on tax costs and your tax liability derived from selling or transferring of PTPs. You are also advised to refer to your tax advisors or consider at your own discretion whether to dispose of the PTPs before the end of 2022. Please note that EBSI is not a tax advisor and therefore will not provide any advice on any tax issues.

If you are in any doubt or require further details, please contact your wealth manager.

Yours faithfully

Everbright Securities International