

## Beijing Hua Cheng Xin Global Investment Co., Ltd in the UK – Tax Strategy

This tax strategy has been published in accordance with section 19(2) of Schedule 19 of the United Kingdom's Finance Act 2016 in respect of Beijing Hua Cheng Xin Group resident in the United Kingdom for the financial year ending 31 December 2023.

This strategy has been approved by the Board of Directors of each of the UK entities to which it applies.

### Our Business

Beijing Hua Cheng Xin Global Investment Co., Ltd was founded in 2017 and it acquired subsidiary companies at same time.

The business of Hua Cheng Xin Group and its subsidiaries consist of two main segments, exploration and production ("E&P"); and the processing and manufacturing of petroleum products, production and sale of chemical and a small number of storage businesses. The Group's E&P business is mainly engaged in oil and gas asset investment, exploration, development and sales of self-produced crude oil. It has developed into a global enterprise that owns oil and gas exploration and development blocks in many countries. The group's other business mainly includes the processing of crude oil, as well as the production and sales of petroleum products, chemical reagents, synthetic rubber, chemical fiber products, chemical materials, the production and sales of chlor-alkali chemicals, inorganic powders and active pharmaceutical ingredients.

The Group's principal activities during the year in the United Kingdom were administrative and support service activities.

We are represented on the Board of the China Chamber of Commerce in the United Kingdom and we aim to promote the bilateral development of trade and investment between China and the United Kingdom. We aim to be:

- A role model with "Advanced technologies, Energy conservation, Environmental friendliness";
- A staunch force in safeguarding national energy security, security and technological progress of chemical industry; and
- A respectable conglomerate having global influence and strictly fulfilling by social responsibilities.

In line with our commitment to corporate social responsibility, we endeavour to ensure the integrity of our tax affairs and to ensure compliance with all our tax obligations in the United Kingdom. This objective is supported through implementing our tax strategy, which is set out below.

### Our approach to risk management and governance arrangements in relation to UK taxation

In the United Kingdom, the Board of Directors of each entity is ultimately accountable for tax. The responsibility for day to day tax matters is delegated to the UK tax and finance functions, under the direction of the Finance Manager.

We are risk adverse and have robust controls in place in order to mitigate tax risks and ensure that we meet our tax compliance obligations. Tax matters are escalated to Directors as required in meetings with the UK tax function, enabling the Board of Directors to have visibility and control over tax matters. We will also supplement the tax knowledge within the business by seeking professional tax advice when we consider any transaction to be either outside the normal course of our business or a complex tax matter. The advice we receive from third party advisers is communicated to the Board of Directors and the Senior Accounting Officer, who is the person who has overall responsibility for the accounting arrangements of the UK entities.

### The level of risk in relation to UK taxation that we are prepared to accept

We have a low tolerance for tax risk in the United Kingdom. We implement robust procedures to minimise any tax risk and ensure that the Board of Directors has an appropriate level of oversight on tax matters. Where we encounter any uncertain tax matters, we seek advice from a professional third party adviser to mitigate tax risk.

### Our attitude towards tax planning

We ensure that transactions we enter into are in line with our commercial rationale, and tax is just one of the commercial factors that we consider when entering into a transaction. We seek to comply with all applicable tax laws and utilise available tax allowances in the spirit in which they were intended by the legislation. Any tax planning is carried out under the scrutiny of the Board of Directors and reflects our aim of ensuring the integrity of our approach to tax across the Group. Meanwhile, with the introduction of the global minimum tax rule, also known as Pillar Two Model Rules, we continue to monitor the impact of the rule on our group.

### Approach towards our dealings with HMRC

In the United Kingdom, we have an open, honest and transparent relationship with HMRC across all taxes. We liaise with our Customer Relationship Manager to discuss business changes, significant tax developments and to reach an agreement on certain tax positions.