# Company Information Sheet

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**Company Name (stock code):** Sirnaomics Ltd. (stock code: 2257)
**Stock Short Name:** SIRNAOMICS-B

This information sheet is provided for the purpose of giving information to the public about Sirnaomics Ltd. (the "**Company**") as at the date hereof. It does not purport to be a complete summary of information about the Company and/or its securities.

Unless the context requires otherwise, capitalized terms used herein shall have the meanings given to them in the Company's prospectus (the "**Prospectus**") dated December 20, 2021, and, if any, references to sections of the Prospectus shall be construed accordingly.

If there is any inconsistency between the English version of this information sheet and its Chinese translation, the English version shall prevail.

## Responsibility Statement

### Responsibility statement

The directors of the Company (the "**Directors**") as at the date hereof hereby collectively and individually accept full responsibility for the accuracy of the information contained in this information sheet and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief the information is accurate and complete in all material respects and not misleading or deceptive and that there are no other matters the omission of which would make any information inaccurate or misleading.

The Directors also collectively and individually undertake to publish a revised Company Information Sheet when there are changes to the information since the last publication.

## Summary Content

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| **A. Taxation** | |
| Latest version | June 22, 2022 |

Date of this information sheet: June 22, 2022

# A. TAXATION

*The following is a summary of the material tax consequences relevant to an investment in our shares. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of our shares.*

## Overview

Non-U.S. holders (as defined below) may be subject to material adverse U.S. federal tax consequences as a result of acquiring, owning and/or disposing of our Shares. Please see the section headed "Material U.S. Federal Income Tax Considerations for Non-U.S. Holders" below for a discussion of some of these considerations.

In addition, we may also be treated as a PRC resident enterprise for PRC income tax purposes, and such treatment will result in unfavourable tax consequences to our non-PRC shareholders. Please see the section headed "Material China Tax Considerations for Non-PRC Shareholders" below for a discussion of some of these considerations.

## Material U.S. Federal Income Tax Considerations for Non-U.S. Holders

The following is a general summary of certain U.S. federal income tax considerations of the acquisition, ownership, and disposition of the Shares. It does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), final, temporary and proposed U.S. Treasury Regulations promulgated thereunder, administrative rulings, and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought, and do not intend to seek, any ruling from the U.S. Internal Revenue Service ("**IRS**"), with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This discussion does not address any tax considerations arising under the laws of any state, local or non-U.S. jurisdiction, under U.S. federal gift and estate tax rules, or under any applicable tax treaty. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- Banks, insurance companies, or other financial institutions;

- Persons subject to the alternative minimum tax or the Medicare contribution tax on net investment income;

- Tax-exempt accounts, organizations, or governmental organizations;
- Pension plans and tax-qualified retirement plans;
- Controlled foreign corporations, passive foreign investment companies, and corporations that accumulate earnings to avoid U.S. federal income tax;
- Brokers or dealers in securities or currencies;
- Traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- Persons that own, or are deemed to own, more than 5% of our Shares and/or all of our outstanding stock (except to the extent specifically set forth below);
- Certain former citizens or long-term residents of the United States;
- Partnerships (or entities or arrangements classified as such for U.S. federal income tax purposes), other pass-through entities, and investors therein;
- Regulated Investment Companies or Real Estate Investment Trusts;
- Persons who hold our Shares as a position in a hedging transaction, "straddle," "conversion transaction," or other risk reduction transaction;
- Persons who hold or receive our Shares pursuant to the exercise of any option or otherwise as compensation;
- Persons who do not hold our Shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment);
- Non-U.S. holders (as defined below) that hold Shares in a manner that is effectively connected with a U.S. trade or business or that are in the U.S. for 183 days in any years in which they hold Shares; or
- Persons deemed to sell our Shares under the constructive sale provisions of the Code.

***Definition of "U.S. holder"***

As used herein, a "U.S. holder" is any beneficial owner of our Shares that is, for U.S. federal income tax purposes:

- An individual who is a citizen or resident of the United States;

- A corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, or otherwise treated as such for U.S. federal income tax purposes;

- An estate whose income is subject to U.S. federal income tax regardless of its source; or

- A trust if it is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust.

***Definition of "non-U.S. holder"***

As used herein, a "non-U.S. holder" is any beneficial owner of our Shares that is, for U.S. federal income tax purposes:

- An individual who is a non-resident alien (as defined in the Code);

- A corporation that is not created or organized under the laws of the United States, any state thereof or the District of Columbia, nor otherwise treated as such for U.S. federal income tax purposes;

- An estate whose income is not subject to U.S. federal income tax regardless of its source; or

- A trust if it is not subject to the primary supervision of a court within the U.S. and/or one or more non-U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Shares, the tax treatment of a partner will depend upon the status of the partner and the activities of the partnership. Partnerships considering an investment in Shares should consult their own tax advisors as to the particular U.S. federal income tax consequences of acquiring, owning and disposing of Shares.

**Each prospective purchaser of our Shares is urged to consult its own tax advisor with respect to the application of the U.S. federal income tax laws to its particular situation, including how to account for payments (including dividends) made or received in a currency other than the U.S. dollar and the tax consequences of the purchase, ownership, and disposition of the Shares arising under the U.S. federal gift or estate tax rules or under the laws of any state, local, non-U.S., or other taxing jurisdiction or under any applicable tax treaty.**

*Distributions on Our Shares*

In the event that the Company makes a distribution of cash or other property (other than certain pro rata distributions of our common stock) in respect of our Shares to non-U.S. holders, the distribution generally will be treated as a dividend for U.S. federal income tax purposes to the extent it is paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits generally will be treated first as a tax-free return of capital, causing a reduction in the adjusted tax basis of a non-U.S. holder's Shares, and, to the extent the amount of the distribution exceeds a non-U.S. holder's adjusted tax basis in our Shares, the excess will be treated as gain from the disposition of our Shares (the tax treatment of which is discussed below under "Gain on Sale, Exchange or Disposition of Our Shares").

Subject to the discussion of backup withholding and FATCA below, dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends generally will be required to provide the applicable withholding agent with a properly executed IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) certifying under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits.

A non-U.S. holder eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate tax return with the IRS.

*Gain on Sale, Exchange or Disposition of Our Shares*

Subject to the discussion of backup withholding below, any gain realized by a non-U.S. holder on the sale, exchange or other disposition of our Shares generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with a U.S. trade or business (and, if an applicable income tax treaty so provides, is also attributable to a permanent establishment or a fixed base maintained within the U.S. by the non-U.S. holder), in which case the gain will be taxed on a net income basis, generally in the same manner as if the non-U.S. holder were a U.S. person, and, if the non-U.S. holder is a corporation, the additional branch profits tax described above in "— Distributions on our Shares" may also apply;

- the non-U.S. holder is an individual who is present in the U.S. for 183 days or more in the taxable year of the disposition and certain other conditions are met, in which case the non-U.S. holder will be subject to a 30% tax on the net gain derived from the disposition, which may be offset by U.S.-source capital losses of the non-U.S. holder, if any; or

- we are or have been at any time during the five-year period preceding such disposition (or the non-U.S. holder's holding period, if shorter), a "United States real property holding corporation" for U.S. federal income tax purposes.

We believe that we have not been and are not currently, and do not anticipate becoming a "United States real property holding corporation" for U.S. federal income tax purposes. If we are or become a "United States real property holding corporation", however, so long as our Shares are regularly traded on an established securities market during the calendar year in which the sale or other disposition occurs, only a non-U.S. holder who holds or held (at any time during the shorter of the five year period preceding the date of disposition or the holder's holding period) more than 5% of our Shares will be subject to U.S. federal income tax on the sale or other disposition of our Shares.

***Information Reporting and Backup Withholding***

Distributions paid to a non-U.S. holder and the amount of any tax withheld with respect to such distributions generally will be reported to the IRS. Copies of the information returns reporting such distributions and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder generally will not be subject to backup withholding on dividends received if such holder certifies under penalty of perjury that it is a non-U.S. holder, or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding may apply to the proceeds of a sale or other disposition of our Shares unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a credit or a refund against a non-U.S. holder's U.S. federal income tax liability provided the required tax return is timely furnished to the IRS.

### *Additional Withholding Requirements*

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "**FATCA**"), a 30% U.S. federal withholding tax may apply to any dividends paid on our Shares to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial U.S. beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above in "— Distributions on our Shares", the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements.

### *Material China Tax Considerations for Non-PRC Shareholders*

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within China is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation ("**SAT**") issued the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in accordance with the De Facto Standards of Organizational Management (the "**Circular 82**"), which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although Circular 82 only applies to offshore enterprises which are mainly controlled by PRC enterprises or PRC enterprise groups rather than those controlled by PRC individuals or foreigners, the criteria set forth in Circular 82 may reflect SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income if all of the following conditions are met: (i) the primary location where senior management team members and its senior management departments who are responsible for carrying out the day-to-day operations is in China; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China. Under Circular 82, it is also specified that the determination of "de facto management body" should be based on the substance over form principle.

If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within China (which, in the case of dividends and capital gains, may be withheld at source) unless a reduced rate is available under an applicable tax treaty. Furthermore, if we are deemed as a PRC resident enterprise, dividends payable to our non-PRC individual shareholders and any gain realized on the transfer of our Shares by such shareholders may be subject to PRC tax at a rate of 20% in the case of non-PRC individuals (which, in the case of dividends, may be withheld at source) unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their countries of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on the investment in our Shares.