

*Please note that our comments provided below does not constitute any legal opinion and are for your reference only. You should consult your legal advisor or counsel on the amendments required.*

Dear Customers:

### The Common Reporting Standard (“CRS”)

We are seeking certain information from you with respect to the Common Reporting Standard (“CRS”). CRS is promulgated by the Organization for Economic Co-operation and Development (“OECD”) to facilitate the exchange of financial account information between relevant jurisdictions around the globe in an international and standardized manner. As part of Hong Kong’s commitment in the global AEOI efforts in enhancing tax transparency and combatting cross-border tax evasion, the Government of Hong Kong Special Administrative Region has enacted local legislations to implement CRS through Inland Revenue (Amendment) (No. 3) Ordinance 2016 (the *CRS Ordinance*) and the effective date of CRS in Hong Kong would be 1 January 2017.

CRS Ordinance requires financial institutions in Hong Kong to perform due diligence on the account holders, obtain certain information from the account holders (including, but not limited to, tax residency and tax identification number etc.) and report information on any reportable accounts to the Hong Kong Inland Revenue Department (“IRD”). IRD will then exchange the information collected with jurisdictions that have a Competent Authority Agreement (“CAA”) with Hong Kong on an annual basis, to support tax compliance of partner jurisdictions and assist tax authorities of partner jurisdictions identify and take follow-up action against taxpayers who have not properly disclosed their offshore financial assets / income in their local jurisdictions. In parallel, IRD will also receive financial account information on Hong Kong tax residents from foreign tax authorities.

Under CRS Ordinance, all financial institutions (except those exempted) in Hong Kong are required by law to perform due diligence on account holders and to obtain self-certifications and/or further information, if needed, from account holders in order to document the tax status of the account holders,

Any non-compliance of CRS Ordinance would be considered a violation of local law in Hong Kong and may result in penalty and/or imprisonment to any director, manager, secretary or any other person who is/was acting in such capacity within the company under Hong Kong law. Particularly, it is an offence under section 80(2E) of the Inland Revenue Ordinance if any person, in making a self-certification, makes a statement that is misleading, false or incorrect in a material particular and knows, or is reckless as to whether, the statement is misleading, false or incorrect in a material particular. A person who commits the offence is liable on conviction to a fine at level 3 (i.e. HK\$10,000).

To comply with CRS, we need to obtain a self-certification and/or further information, if needed, from you in order to assess your CRS status/classification and this is the purpose of this communication.

For more information regarding CRS, please visit the below website for more details:

AEOI Pamphlets <http://www.ird.gov.hk/eng/tax/aeoi/pam.htm>

Frequently Asked Questions [http://www.ird.gov.hk/eng/faq/dta\\_aeoi.htm](http://www.ird.gov.hk/eng/faq/dta_aeoi.htm)

Meaning of Terms and Expressions used in <http://www.ird.gov.hk/eng/pdf/2016/terms.pdf>

Self-Certification Forms

**Your Action:**

Based on the above, we would appreciate it if you could provide a duly completed and signed self-certification form as attached or visit our bank website to download the self-certification forms (<http://hk.cmbchina.com>)

Upon completion of the self-certification form, please send it to China Merchants Bank Hong Kong Branch at [cmbhkenquiry@cmbchina.com](mailto:cmbhkenquiry@cmbchina.com). Please also note that if any of the information concerning the self-certification (including CRS status/classification) changes in the future, please ensure you advise us of these changes within 30 days from the date of such changes occur. If you have any questions about how to complete this form, please refer to accompanying guidelines on the self-certification form or contact your tax advisor. Thank you for your assistance in this matter.

If you have any questions please do not hesitate to contact us at: 852-3118 8900/8788

Yours sincerely,

China Merchants Bank Hong Kong Branch