

# China - Tax Guide

## Employee Share Purchase Plan

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### 1. Introduction

The following is a summary of the tax treatment of an award made to you by Seagate Technology Holdings PLC under the Employee Share Purchase Plan (the "Plan"). This summary assumes that you have been resident in China during the lifecycle of the award.

The tax treatment as explained herein is intended as a guide only. It is limited to a general description of the national tax laws, and is not intended to address city, regional, or other local tax laws that may be applicable to you. It may not apply to your particular tax or financial situation, and we are not in a position to assure you of any particular tax result. Therefore, we recommend that you consult with your own independent tax advisor regularly to determine the consequences of taking or not taking any action concerning your shares, and to determine how the tax or other laws in China apply to your specific situation. This information was last reviewed in December, 2025.

### 2. Overview

#### Award

- It allows you to purchase Seagate Technology Holdings PLC shares at a discount.
- You are **not subject to taxation on equity** at this point.

#### Purchase

- You will **be subject to tax** at this point.
- The taxable amount is calculated based upon the market value of the shares at the date of purchase less the price paid for the shares.
- **Seagate Technology Holdings PLC is responsible for reporting the income.**
- You are also **responsible for reporting the income.**

#### Sale

- The date you sell Seagate Technology Holdings PLC shares.
- This event may generate additional income known as Capital Gain (CG), or a loss.
- Generally speaking, Capital Gain is the growth in value from purchase to sale.
- If there is a **Capital Gain** on the sale of shares, tax is due in the tax year of sale.
- You are responsible for calculating the tax and reporting this capital gain.

### 3. Tax Treatment

|                 | Award               | Purchase           | Sale               |
|-----------------|---------------------|--------------------|--------------------|
| Action required | No action required. | Pay any taxes due. | Pay any taxes due. |

|  |   |  |  |
|--|---|--|--|
|  |   | Report the income on tax return.       | Report the income on tax return.                 |
| <b>Income tax / Capital gains tax</b>        | No  | Income tax payable at rates up to 45%. | Capital gains tax payable at a flat rate of 20%. |
| <b>Employee social tax</b>                   | No  | No                                     | No   |
| <b>Employer's social tax</b>                 | No  | No                                     | No   |
| <b>Income tax withholding</b>                | No  | Yes                                    | No   |
| <b>Employee social tax withholding</b>       | No  | Yes                                    | No   |
| <b>Employee tax reporting</b>                | No  | Yes                                    | Yes  |
| <b>Employer tax reporting</b>                | No  | Yes                                    | Yes  |
| <b>Tax return deadline</b>                   | By June 30 of the following tax year  |  |  |
| <b>What documents do I need for my taxes</b> | N/A   | N/A                                    | N/A  |
| <b>Foreign asset reporting</b>               | While there are no specific foreign asset reporting obligations, residents of China may need to report any assets held outside China, including any shares acquired under an employee share plan, in their annual tax return. |  |  |

**Income tax** - The rates set out in this guide are marginal rates. In the event that you are required to pay income tax on the value of your award, the amount of income tax you pay will depend on your marginal tax rate. Generally, the more you earn, the higher your marginal income tax rate.

#### 4. Will I pay tax when I am granted an award under the ESPP?

You will not have to pay any tax when you are granted a right to acquire shares under the ESPP.

#### 5. Will I pay tax when I receive my shares?

##### Income Taxes

When the shares are purchased, you will be required to pay income tax on the difference between the purchase price and the

market value of the shares at that time at rates of up to 45%.

## **Social Taxes**

You will also be required to pay the following taxes:

- **Pension Funds:** For earnings up to CNY 35,811 per month, you will be required to pay Pension Funds on the difference between the purchase price and the market value of the shares on purchase at a rate up to 8%.
- **Unemployment Insurance:** For earnings up to CNY 35,811 per month, you will be required to pay Unemployment Insurance on the difference between the purchase price and the market value of the shares on purchase at a rate up to 0.5%.
- **Medical and Maternity Insurance:** For earnings up to CNY 35,811 per month, you will be required to pay Medical and Maternity Insurance on the difference between the purchase price and the market value of the shares on purchase at a rate up to 2%.
- **Housing Funds:** For earnings up to CNY 35,811 per month, you will be required to pay Housing Funds on the difference between the purchase price and the market value of the shares on purchase at a rate up to 12%.

## **Payment Method**

Seagate Technology Holdings PLC will deduct and withhold tax on your behalf.

Any variance between the amount of tax withheld and your actual tax liability will be your responsibility.

## **6. How will any benefits under the ESPP be reported?**

You will need to report:

- Any income tax due on purchase of the shares to the tax authorities by June 30 of the following year.  
There is a requirement to file a tax return if the tax amount paid in advance within a tax year is either less or more than the tax payable amount. The employee needs to report the income tax to competent tax authority from 1 March to 30 June of the subsequent year, otherwise no need to report the income tax.
- Any capital gains tax due on the sale of shares to the tax authorities in the annual tax return, due by June 30.

## **7. Will I have to pay any tax on any dividends paid on the shares?**

A dividend is a right to participate in the company's profits, at the discretion of the board of directors.

Any dividends you receive will be taxed at the Irish rate and will not be subject to Chinese tax.

## **8. Will I pay any tax when I sell my shares?**

As the calculation of capital gains can be complex and may be subject to certain exemptions, we recommend that you consult your personal financial/tax advisor.

If the sale price of your shares is higher than their cost basis (broadly, the cost basis is equal to the fair market value of the shares at the time of purchase), the difference will be taxable as a capital gain, at a rate of 20%. If the sale price is lower than the cost basis of the shares, you may realize a capital loss.

Capital gains tax on income derived outside of China is only payable by non-Chinese nationals if they have been resident in China for over 6 years.

The withholding obligation might depend on the practice of each local authority.

## **9. Additional Information**

### **Social Insurance Rates**

The actual rates of social taxes and applicable earnings caps vary slightly by region and specific payroll advice should be taken in each Chinese region to determine exact rates. Social taxes include contributions to pension funds, collective housing funds, unemployment insurance, medical insurance, maternity insurance and work-related injury insurance.

The social taxes displayed are applicable for Beijing; tax rates in other areas may differ. In Beijing, the collective housing fund contribution payable by the employee and the employer ranges from 5% - 12% whereas the employer Work Related Injury Insurance contribution rate ranges from 0.2% - 1.9%. The rate displayed in this summary is the highest rate.

Shanghai social security rates are the following:

- Employee: Social taxes payable at a flat rate of 17.5%, capped at earnings of CNY 37,302 per month.
- Local Company: Social taxes payable at a flat rate of 34.4%, capped at earnings of CNY 37,302 per month

## **Calculation of Fair Market Value for Tax Purposes**

The fair market value of a publicly traded share for tax purposes should generally be calculated using the closing price of the shares on the day of the taxable event. The fair market value of private company shares should be calculated in accordance with the sequence of net asset method, analogy method or other reasonable method. Where the net asset method is adopted, the fair market value should be determined in accordance with the net assets as at end of the preceding year in which the shares are obtained.

## 10. Sample tax calculation

This illustrative example assumes the following:

- Purchase price of USD 70.
- An income tax rate of 45%.
- Capital Gains Tax of 20%.
- This example does not take into account any annual Capital Gains Tax (CGT) exemptions which may be available.
- This illustration does not take into account any capped social tax amount.
- Tax calculation is based on the currency in which the shares are traded and any subsequent currency conversion has not been applied.

### Tax implications

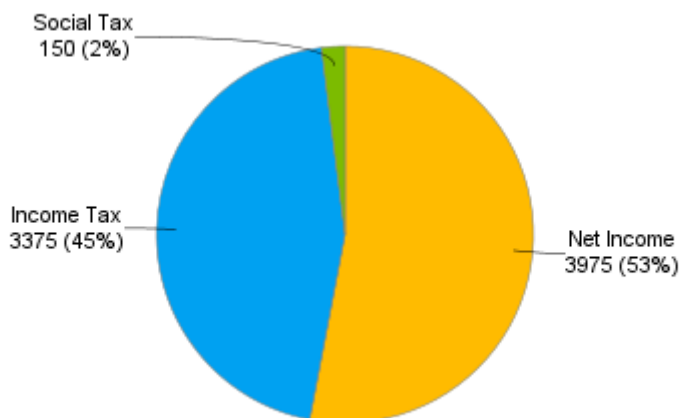
#### Award

No taxes due.

#### Purchase

|   |                       |
|---|-----------------------|
| Number of Shares Purchased                          | 100                   |
| Purchase Price                                      | USD 70                |
| Fair Market Value (FMV) of the shares on Purchase   | USD 80                |
| Taxable Income (100 x USD 80) - (100 x USD 70)      | <b>USD 1,000</b>      |
| <b><u>Income Tax Withheld (USD 1,000 x 45%)</u></b> | <b><u>USD 450</u></b> |
| Net Income (USD 1,000 - USD 450)                    | <b>USD 550</b>        |

#### Vesting

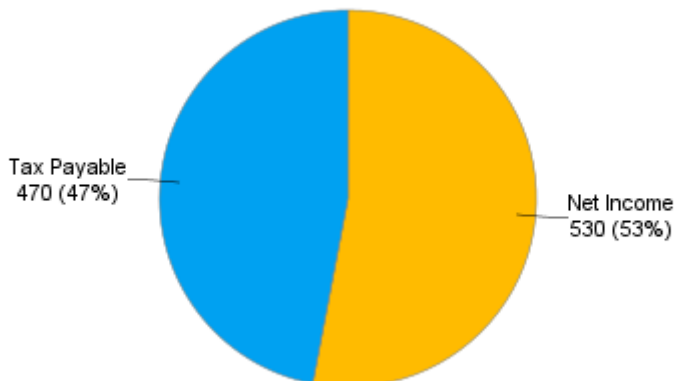


#### Sale

|   |        |
|---|--------|
| Number of shares sold                         | 100    |
| Fair Market Value (FMV) of the shares on sale | USD 85 |

|   |                       |
|---|-----------------------|
| Sale Proceeds (100 x USD 85)              | USD 8,500             |
| <b>Less: Acquisition Costs</b>            |                       |
| Amount previously taxed                   | <b>USD 8,000</b>      |
| Capital Gain                              | USD 500               |
| <b><u>Tax Payable (USD 500 x 20%)</u></b> | <b><u>USD 100</u></b> |
| Net Income (USD 500 - USD 100)            | <b>USD 400</b>        |

### Sale



*\* Please note the above is for information purposes only. Transaction fees may also apply and are not included.*

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