

# Zhongshan Huali Industrial Group Co., Ltd.

## Tax Policy

### 1. Purpose of the Tax Policy

Huali Industrial Group Company Limited (hereinafter referred to as "the Company") is committed to handling all tax-related matters with the highest ethical standards and legal compliance. This Tax Policy aims to ensure that the Company's global tax practices are transparent, compliant, and responsible, while supporting the Company's long-term sustainable development goals.

### 2. Global Tax Compliance Management

The Company's headquarters is located in Guangdong Province, China, with subsidiaries in Mainland China, Hong Kong (China), Vietnam, Myanmar, Indonesia, Taiwan (China) and the Dominican Republic. All group entities must strictly adhere to local tax regulations, including but not limited to:

- Establishing financial and tax accounting systems that comply with local requirements.
- Maintaining complete transaction records and tax filing documents.
- Accurately calculating and timely settling corporate income tax, value-added tax (VAT, where applicable), customs duties, and other taxes.
- Actively applying for eligible tax incentives and subsidies, such as High and new technology enterprise tax benefits, export tax rebates, and R&D expense additional deductions, to support continuous innovation and export trade.
- Paying special attention to tax incentive compliance in Southeast Asia countries (Vietnam, Myanmar, Indonesia), including investment incentives and export tax rebates.
- Annually updating the Master File and Local File reports for subsidiaries, along with preparing Country-by-Country Reporting (CbCR) as required.

### 3. Tax Risk Management

- Risk Control: The Company has established a robust internal tax risk control system to ensure timely identification, assessment, and mitigation of tax risks.
- Expert Team: The Group Finance Department regularly reviews changes in regional tax laws, provides compliance guidance to subsidiaries, and engages independent third-party advisors



(local accounting firms and tax consultants) to ensure adherence to the latest legal requirements and adjust internal tax policies accordingly.

- **Tax Dispute Resolution:** In the event of tax disputes, the Company will maintain a cooperative attitude in communicating with tax authorities and defend its legitimate rights through appropriate legal procedures.

#### **4. Global Tax Coordination**

- As a multinational enterprise, the Company is committed to global tax coordination and compliance, ensuring that cross-border transactions and profit allocations meet legal standards for preventing illicit tax avoidance. The Company complies with local tax laws and relevant agreements (e.g., double taxation treaties) to avoid adverse impacts from double taxation on international operations.
- The Company actively supports international tax transparency initiatives, such as the OECD's Base Erosion and Profit Shifting (BEPS), ensuring that profit allocation aligns with the actual functions and risks of subsidiaries and refraining from any form of tax misconduct.

#### **5. Supervision and Audit of Tax Compliance**

The Company conducts regular internal tax audits to verify the effectiveness and compliance of its tax policy. The Board of Directors and senior management periodically review the tax policy and risk management status to ensure the proper functioning of the tax governance framework.

#### **6. Tax Disclosure & Transparency**

The Company discloses tax-related information in its annual reports to keep shareholders and stakeholders informed of its tax position. Significant tax matters will also be published on the official website to enhance transparency.