

# Hotai Finance Co., Ltd.

## Tax Governance Policy

August 8, 2024

### Article 1 Purpose

In response to the international trend of tax governance and considering that tax risks can be controlled to strengthen and implement corporate sustainable development goals and enhance shareholder value, this Policy is specifically formulated to facilitate compliance.

### Article 2 Scope of Application

The scope of application of this Policy includes the Company and its subsidiaries included in the main body of the Company's consolidated financial statements (hereinafter referred to as "the Company and its subsidiaries").

### Article 3 Tax Governance Policy

1. Law Compliance: Carrying out its social responsibilities, including following the tax laws and regulations of the countries and regions in which it operates, honestly reporting and paying its taxes, fulfilling its tax payment obligations. Transactions of relevant parties are to be conducted in line with the international transfer pricing guidelines published by the Organization for Economic Cooperation and Development (OECD) instead of a purposeful profit shifting to countries with a lower tax rate.
2. Information Transparency: Tax information shall be disclosed regularly in accordance with the requirements of relevant regulations and standards to improve company transparency.
3. Risk Control: When our legal understandings on the changes in tax regulations, material transactions and decisions differ from the view of the tax authorities, the Company shall evaluate the impact and make contingency decisions.
4. Professional Training: Strengthen the professional knowledge of the Company's finance and accounting specialist and equip them with the capability to identify and respond to tax issues in a timely manner.
5. Mutual Trust: Maintain continuous and effective communication with the local tax authority, support the government's policy to promote sustainable development.

### Article 4 Responsibilities and organization of tax function

1. Board of Directors
  - (1) The Board of Directors has the highest authority to establish the effective tax risk control management.

- (2) To ensure the management mechanism operates effectively, the Board of Directors assess the overall tax governance policy in accordance with its operating strategy and business environment.
2. The accounting departments of the Company and its subsidiaries are the responsible unit of tax operations and tax risk management. Cases involving subsidiaries should be reported to their parent company. In order to implement the Company's tax governance, they report material tax issues to management level and obtains permission.

#### **Article 5**

The Policy shall be reviewed and amended in a timely manner if relevant local and international tax regulations changed.

#### **Article 6**

The Policy and its amendments shall be approved by the board of directors.

#### **Article 7**

This policy was established on August 8, 2024.