

Universal Scientific Industrial (Shanghai) Co., Ltd.

Group Tax Policy

Universal Scientific Industrial (Shanghai) Co., Ltd.(USI), is a global leader in electronic design and manufacturing as well as a leader in the field of SiP (System-in-Package) technology. USI has 30 production and service locations across four continents of Asia, Europe, Americas, and Africa, and offers customer diversified electronic products with D(MS)² product services: Design, Manufacturing, Miniaturization, Industrial software and hardware Solutions, and material procurement, logistics and maintenance Services. USI is committed to conducting business globally in compliance with tax laws and regulations ethically in different jurisdictions, which forms the basis of our global tax strategy. Our Group tax policy is an important part of the Company's sustainable development strategy. The details are as follows:

Part 1. The Company's Commitment

The Group's tax policy is in line with the group mission, vision and long-term business strategy. Our commitments include the following:

1. Compliance, Transparency and effective tax management

1) Comply with the tax regulations and legislative spirit of all countries and territories where operations are conducted, as well as relevant international standards, including but not limited to:

- File and make tax payments in the countries and territories where USI group operates in a timely manner,
- Undertake the principle of "arm's length" in intra-group transactions,
- Adopt tax positions based on sound business and economic principles , and commonly accepted best practices, refraining from aggressive tax planning.

2) Provide transparency in tax matters, including:

- Emphasizing on information transparency with accurate and completed transaction information,
- Disclose tax information in accordance with applicable regulations and reporting requirements,
- Ensuring the timely transmission and proper handling of various kinds of important tax-related information,

- Avoiding improper business structures to conceal or reduce the transparency of tax activities.
- 3) Develop a robust tax risk management mechanism and processes
- Establishing the Group's tax management guideline and internal review process,
 - Identifying and mitigating major tax-related risk in business operations.
- 2. Expertise in tax planning with added value**
- 1) Conduct proper planning of tax-related matters in the group's investment, operation, and other commercial activities, including:
- Making tax payments timely in the countries and territories where the group operates
 - Optimizing effective group tax rate in compliance with tax laws and regulations,
 - Exploring opportunity to maximize government tax incentives and other subsidy benefits,
 - Supporting business decision with the consideration of both short-term and long terms tax implications,
 - Avoiding the use of tax havens for unreasonable or aggressive tax avoidance planning
 - Establishing appropriate mechanisms to assess tax-related risks and potential impacts under the global business model, and continuously strengthen tax governance
- 2) Establish a professional tax team to create value for the company, shareholders, and stakeholders.
- 3) Establish a relationship, under mutual trust and respect, with tax authorities and set up open and honest communication channels
- 3. A trusted partner of the company's business operations**

Part 2. Objectives

(1) Tax optimization

- 1) Tax optimization
- Proper interpreting, application, and implementation of tax policies,
 - Maximizing R&D tax credit and other allowable deduction with proper supporting documentation,
 - Supporting China High-tech enterprise application and qualification process,
 - Globally pursuing government subsidies and allowable incentives.

- 2) Business development related planning
 - Designing and planning proper business model and tax structure
 - Improving of shareholding structure,
 - Participating in M&A and new business development activities.
- 3) Advance tax planning from tax transformation and policy changes, such as:
 - Impact assessment, implementation and reporting of the global minimum tax (Pillar II of the OECD Guidelines).
 - The impact of technological innovation in intelligence and AI on tax management

(2) Risk management

- 1) Establish an effective internal tax management organization structure and tax-related information management processes,
- 2) Work with external professionals regularly to identify, monitor, and mitigate tax related risks,
- 3) Review and report the result of income tax assets/liabilities risk assessments on a timely basis.

(3) Robust processes in tax governance and compliance

- 1) Tax arrangements for cross-border transactions
 - Effectively manage operating costs and allocation of group management expenses on a fair and reasonable basis,
 - Establish arm-length transfer pricing principles,
 - Understand and apply tax treaties and withholding tax rules between countries and territories.
- 2) Tax laws and regulations
 - Timely obtain updates of tax laws and regulations in the place where the group operates,
 - Provide regular training of tax policies, updates and best practices,
 - Resolve tax disputes and maintain open communication with tax authorities.
- 3) Tax declaration and support
 - Corporate income tax returns
 - Periodic turnover tax returns, etc.
 - Review tax accruals and provisional accounts to assess the tax impact on financial reporting.

(4) Record retention

- 1) Develop global standard to manage proper documentation of major tax-related transactions.
 - In accordance with OCED guidelines and the regulatory requirements of the place of operation, to provide transfer pricing master/local files and country-by-country reports,
 - Conduct function risks and benchmarking analysis for applicable entities within the group,
 - Collect and safeguard other declaration and supporting documents.
- 2) Record retention
Establish tax record retention policy, to ensure the completeness, accuracy, and transparency of the tax documents, in compliance with relevant laws and regulations.

Part 3. Enforcement and Amendment

- (1) This Policy shall be effective from the date of approval by the Board of Directors, and amendments likewise
- (2) Any other matters not covered in this policy shall be follow the relevant tax laws and regulations of the countries and territories where the business is operated
- (3) The right to interpret this policy belongs to the Company

Universal Scientific Industrial (Shanghai) Co., Ltd.
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Note: This policy has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.