

Rules Governing Financial and Business Matters Between the Corporation and its Related Parties

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Article 1

To ensure sound financial and business interactions between the Corporation and its related parties and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between the Corporation and its related parties, these Rules are adopted pursuant to Article 17 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 2

Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between the Corporation and any of its related parties shall be handled in accordance with the provisions of these Rules.

Article 3

The term "related party" as mentioned herein shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The term "affiliated enterprise" as used herein means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with the Corporation:

- 1.A relationship of control or subordination.
- 2.A relationship of mutual investment. In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substance of the relationship shall be considered in addition to the legal form.

Article 4

The Corporation shall establish an effective internal control system for transactions with related parties (including affiliated enterprise) in regard to its own enterprises' overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective.

This Corporation shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any related party that is not a public company, the Corporation shall still, in consideration of the degree of influence it has on the Corporation's finances and business, require that it

develop effective systems for internal control and for managing financial, business, and accounting matters.

Article 5

In addition to implementing the adopted internal control system, the Corporation shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:

- 1.The Corporation shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.
- 2.A director that the Corporation assigns to an affiliated enterprise shall regularly attend the affiliate's board meetings, and in order to monitor its operation, shall carefully review its corporate objectives and strategy, financial position, business performance, cash flows, and important contracts, as reported by the various members of the affiliate enterprise's management. The director assigned to the affiliated enterprise shall ascertain the cause of any irregularity found, compile a record, and report the matter to the chairperson or general manager of the Corporation.
- 3.A supervisor assigned to an affiliated enterprise by the Corporation shall supervise the affiliate's business operations, investigate its financial and business conditions, and review its books, records and audit reports, and may also request reports from the affiliate's board of directors or managerial officers. For any irregularity that may be found, the supervisor assigned to the affiliate shall ascertain the cause, compile a record, and report to the chairperson or general manager of the Corporation.
- 4.The Corporation shall assign competent personnel to assume important positions at its affiliated enterprise, such as general manager, financial officer, or internal audit officer, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
- 5.The Corporation, in consideration of the type of business, scale of operations, and number of personnel of a subsidiary, shall instruct the subsidiary in the procedures and methods for establishing an internal audit unit and adopting internal control system self-inspection operations.
- 6.In addition to reviewing the audit reports or self-inspection reports submitted by each subsidiary, the internal audit personnel of the Corporation must also carry out audits of the subsidiaries on a scheduled or unscheduled basis. After audit findings and recommendations have been presented, they shall instruct the audited subsidiaries to make any necessary corrections, and shall prepare follow-up reports on a regular basis to ensure that the subsidiaries have taken appropriate corrective measures in a timely manner.

7. Subsidiaries of the Corporation shall regularly submit monthly financial statements for the preceding month, including balance sheets, income statements, statements of expenses, statements of cash flow and cash flow forecasts, accounts receivable aging schedules and statements of delinquent accounts receivable, aging inventory analyses, and statements of loans to others and endorsements/guarantees. In the event of irregularities, analysis reports shall also be submitted to allow management and control by the Corporation. Other affiliated enterprises shall also regularly submit financial statements for the preceding quarter, including balance sheets and income statements, for analysis and review by the Corporation.

Article 6

A managerial officer of the Corporation may not concurrently serve as a managerial officer of any affiliated enterprise of the Corporation, and shall not operate the same type of business as the Corporation, either on the officer's own behalf or with another party, unless otherwise approved by a resolution of the board of directors. The division of powers and responsibilities between the Corporation and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.

Article 7

The Corporation shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate credit risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers. With respect to an affiliated enterprise with which it has financial and business interactions, the Corporation shall especially maintain close control over material financial and business items for the purpose of risk management.

Article 8

Any loans or endorsements/guarantees between the Corporation and a related party shall be carefully assessed and carried out in compliance with the provisions of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies and with the procedures prescribed by the Corporation regarding loans to others and provision of endorsements/guarantees.

Article 9

Price terms and payment methods shall be expressly stipulated for any business interaction between the Corporation and any related party. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction

with a non-related party, nor may they be obviously unreasonable.

When business needs require the purchase of finished products, semi-finished products, or materials from a related party, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the related party based on market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers.

Price quotes for the sale of any finished products, semi-finished products, or materials to a related party shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.

For professional or technical services provided between the Corporation and a related party, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the general manager or the chairperson of the Corporation, and all contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both the Corporation and its related parties shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.

Article 9-1

When the purchase and sale of goods, the provision of professional or technical services between the Corporation and its related parties, and the anticipated annual transaction amount reaches 5 percent of the Corporation's most recent consolidated total assets or consolidated net sales for the most recent year, except a transaction applicable to the provision of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, or between the Corporation and its parent company, subsidiaries or subsidiaries, the Corporation may not proceed to enter into the transaction until the following matters have been approved by the board of directors :

1. The item, purpose, necessity and anticipated benefit of the transaction.
2. The reason for choosing the related party as a transaction counterparty.

3. Principles of transaction price calculation and upper limit of anticipated annual transaction amount.
4. Explanation on whether the transaction conditions are in compliance with normal commercial terms and do not damage the rights and interests of the Corporation and shareholders.
5. Restrictive covenants and other important stipulations associated with the transaction.

The transactions with a related party in the preceding subparagraph, the following matters shall be reported to the most recent shareholders meeting after the end of the year:

1. Actual transaction amount and condition.
2. Whether the transaction is handled in accordance with the principle of transaction price calculation approved by the board of directors.
3. Whether the transaction is not more than the upper limit of annual transaction amount approved by the board of directors. If the transaction amount has been more than the upper limit, the Corporation shall explain the reason, necessity and rationality.

Article 10

Any asset transaction, derivative trading, merger, demerger, acquisition, or share transfer between the Corporation and a related party shall be conducted in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the procedures for acquisition and disposal of assets prescribed by the Corporation.

Article 11

When any of the following circumstances is present in a transaction with a related party, after passage by the board of directors, the matter shall also be submitted to the shareholders meeting for passage of a resolution before it may enter into a contract for the transaction and pay the required monies, and a shareholder that is an interested party shall not participate in the voting. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.

1. When this Corporation or its subsidiary that is not a domestic listed company intends to conduct any acquisition or disposal of real property or its right-of-use assets from or to any of its related parties, or to conduct an acquisition or disposal of assets other than real property or its right-of-use assets from or to any of its related parties in which the transaction amount is furthermore 20 percent or more of this Corporation's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, with the exception of the purchase or sale of

government bonds, repo or reverse repo bond transactions, or subscription to or redemption of domestic money market funds, and the amount of the transaction is 10 percent or more of this Corporation's total assets.

2. According to the Company Act, this Corporation's articles of incorporation, or the regulations on internal operating procedure, the amount or the terms of the transaction will have a material effect on this Corporation's operations or shareholder equity.

If this Corporation has performed a transaction with a related party that is the matter not need to be submitted to the shareholders meeting for passage of a resolution under the first paragraph , information about the actual transaction (including the actual price and terms of the transaction, and the information approved by board of directors according to the section of related party transactions of the corporation's Regulations Governing the Acquisition and Disposal of Assets) should be reported at the next shareholders' meeting after the end of a year.

If this Corporation has established an audit committee, matters to be recognized by the supervisors as required under this article shall be approved by the majority of all members of the audit committee and shall be resolved at the board of directors, and the provisions of Article 6, paragraphs 4 and 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall apply mutatis mutandis.

Article 12

With respect to any financial or business interaction between the Corporation and any related party that requires a resolution of the board of directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.

When a director is an interested party with respect to a particular agenda item, that director shall enter into recusal and may neither vote on that item nor exercise voting rights as proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Upon discovering that, in the course of their duties, the board of directors or a director has committed a violation of law or regulation, the articles of incorporation, or a shareholders meeting resolution, a supervisor shall immediately notify the board of directors or the individual director to cease the misconduct, and shall take

appropriate measures to curb expansion of the misconduct. When necessary, a supervisor shall also file a report with the relevant regulatory authority or agency.

Article 13

The Corporation, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for so doing, shall make timely arrangements for the provision by each subsidiary of required financial and business information, or to retain CPAs to audit or review the financial reports of each subsidiary.

The Corporation shall publicly disclose the consolidated balance sheets, consolidated statements of comprehensive income, and CPA secondary review reports covering affiliated enterprises by the deadlines for the filing of the annual financial reports under applicable laws and regulations. Information on any increase, decrease, or other change in affiliated enterprises shall be filed with the TWSE within 2 days of the change.

Information on any material transaction between the Corporation and a related party shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.

If a related party experiences financial difficulties, the Corporation shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of the Corporation, and when necessary, appropriate conservatory measures shall be adopted to safeguard the Corporation's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on the Corporation's financial position in its annual report and prospectus, the Corporation shall also make a timely announcement of material information on the Market Observation Post System (MOPS).

Article 14

When any of the following circumstances applies to an affiliated enterprise, the Corporation shall make a public disclosure and regulatory filing on its behalf:

1. For a subsidiary whose shares have not been publicly issued domestically, the dollar amount of the subsidiary's acquisition or disposal of assets, endorsements or guarantees for others, and loans of funds to others meets the criteria for public disclosure and regulatory filing.
2. The parent or the subsidiary undergoes bankruptcy or reorganization proceedings pursuant to applicable laws and regulations.
3. A major policy is adopted by resolution of the affiliated enterprise's board of directors that has a material effect on the rights and interests of the shareholders or the securities prices of the Corporation.
4. Any matter regarding a subsidiary of the Corporation constitutes material

information required to be announced under the provisions of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.

Article 15

These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors.