

Wiwynn Corporation

Procedures for Transactions with Related Parties, Affiliated Enterprises, Specified Companies, and Group Enterprises

Chapter 1 General Provisions

Article 1 Purpose

To establish standardized procedures for transactions between the Company and related parties, affiliated enterprises, specified companies, and group enterprises, and to ensure the protection of the Company's legal rights and interests, these procedures are hereby prescribed. These procedures are formulated based on the Company's actual business and financial conditions, as well as relevant laws and regulations.

Article 2 Scope of application

These procedures apply to the Company's business and financial interactions with related parties, affiliated enterprises, specified companies, and group enterprises.

Chapter 2 Definitions and Scope

Article 3 Related party

"Related party" as used in these procedures shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 3-1 Affiliated Enterprise

"Affiliated enterprise" as used in these procedures refers to enterprises that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with this 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 Specified Company

"Specified company" as used in these procedures shall have the meaning given in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Article 5 Group Enterprise

"Group enterprise" as used in these procedures shall have the meaning set out in the Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules Governing the Review of Securities Listings.

Article 6 Exclusions

Even if an entity falls under any of Articles 3, 3-1, 4, or 5, if it can be demonstrated that there is no control or significant influence, it shall not be deemed as such under the relevant definition.

Article 7 Transactions

Transactions with related parties, affiliated enterprises, specified companies, or group enterprises refer to the transfer of resources or obligations between the Company and any of the aforementioned entities, regardless of whether consideration is exchanged.

Article 8 Types of Transactions

The main types of transactions between the Company and related parties, affiliated enterprises, specified companies, or group enterprises include:

1. Sales of goods
2. Purchases of goods
3. Asset transactions
4. Long-term investments
5. Contract manufacturing and processing fee receipts/payments
6. Fund lending/borrowing and interest receipts/payments
7. Endorsements and guarantees
8. Other transactions

Chapter 3 Approval and Management of Transactions

Article 9 Transaction Approval

For material transactions between the Company and related parties, affiliated enterprises, specified companies, or group enterprises, except for ordinary sales and purchase transactions, prior approval by the Board of Directors shall be obtained. When necessary, the Chairperson may make a provisional decision first and subsequently submit it to the Board for ratification.

However, if the Company conducts sales, purchases, labor services, or technical service transactions with related parties and the estimated total annual transaction amount reaches 10% of the Company's most recent consolidated total assets or most recent annual consolidated net operating revenue, the Company—except where the transaction is subject to Regulations Governing the Acquisition and Disposal of Assets by Public Companies, or is conducted between the Company and its parent, subsidiaries, or among subsidiaries, the Company shall submit the following information to the Board of Directors for approval before proceeding:

1. Items, purpose, necessity, and projected benefits of the transactions
2. The reason for choosing the related party as a trading counterparty
3. Principles for calculating transaction prices and the projected annual transaction value cap
4. Description of whether transaction terms are consistent with regular commercial terms and that these terms will not damage the company interest or shareholder equity

5. Restrictions on transaction and other important terms and conditions

The following particulars about the transactions with related parties in the preceding paragraph shall be reported at the next shareholders' meeting after the end of the year:

1. Actual transaction value and terms and conditions
2. Whether the calculation principle of the transaction price approved by the Board of Directors has been followed
3. Whether the total annual transaction amount has exceeded the cap approved by the Board of Directors, and if so, an explanation of the reasons, necessity, and reasonableness must be provided.

Article 10 Transaction Procedures and Management

Procedures and management for transactions between the Company and related parties, affiliated enterprises, specified companies, or group enterprises shall be as follows:

1. Business and financial dealings:
 - (1) Sales: Handled in accordance with the relevant provisions of the Company's internal control system for the sales cycle.
 - a. Pricing: Sales prices shall be determined based on general market conditions or in accordance with the principle of good faith.
 - b. Collection terms: Collection terms shall be handled in alignment with those applicable to general customers and industry peers.
 - (2) Purchases: Handled in accordance with the relevant provisions of the Company's internal control system for the procurement cycle.
 - a. Pricing: Purchase prices shall be determined based on general market conditions or in accordance with the principle of good faith.
 - b. Payment terms: To be handled in accordance with the payment terms applicable to general customers and industry peers.
 - (3) Asset transactions and long-term equity investments: Shall be handled in accordance with the Company's Procedures for Acquisition or Disposal of Assets.
 - (4) Contract manufacturing and processing fee receipts/payments: Handled in accordance with the relevant provisions under the "Procurement and Payment Cycle" of the Company's internal control system. Where there are special circumstances at the time of purchasing or outsourcing, or where preferable conditions exist that differ from those offered by general suppliers, preferential prices or payment terms may be reasonably agreed; otherwise, the prices and payment terms shall be comparable to those for general suppliers.
 - (5) Fund lending/borrowing: Where there is fund movement between the Company and any related party, affiliated enterprise, specified company, or group enterprise, it shall be handled in accordance with the Company's Procedures for Lending Funds to Others.
 - (6) Endorsements and guarantees: Where there are endorsements or guarantees between

the Company and any related party, affiliated enterprise, specified company, or group enterprise, these shall be handled in accordance with the Company's Procedures for Endorsements and Guarantees.

(7) Labor services or technical services: A contract shall be executed between the parties specifying the scope of services, fees, term, payment terms, and after-sales services, and processed in accordance with relevant approval authorities. All contract terms shall follow general business practices and relevant provisions of the internal control system.

(8) A reasonable contract shall be executed for the lease or sublease of real property, and the rent shall be determined with reference to generally accepted market rates.

The Company's major business policies shall be based on the principle of independent operation and shall neither affect nor be affected by the future development of other enterprises within the group.

Chapter 4 Disclosure in Financial Reports

Article 11 Matters to Be Disclosed

When there are material transactions between the Company and related parties, the following information shall be disclosed in the notes to the financial reports:

1. The name of the related party.
2. The relationship with the related party.
3. Material transaction items with each related party, including prices and payment terms, and other information helpful for understanding the impact of related party transactions on the financial statements.

Article 12 Form of Disclosure

When preparing financial reports, for the matters requiring disclosure as specified in the preceding article, if the transaction amount or balance with any individual related party accounts for 10 percent or more of the Company's total transaction amount or balance of the same type for the period, such amount or balance shall be disclosed separately; others may be disclosed on an aggregated basis.

Chapter 5 Supplementary Provisions

Article 13 Any matters not covered by these Procedures shall be handled in accordance with applicable laws and regulations.

Article 14 These procedures shall be implemented upon approval by the Board of Directors; the same shall apply to any amendments.

The procedures were enacted on December 21, 2017.

The 1st amendment was made on January 18, 2024.