

Pili International Multimedia Co., Ltd.

Financial and Business Operating Regulations Among Group Companies and Related Parties

Article 1

To enhance the integrity of financial and business transactions between the Company and its group companies and related parties, and to prevent unconventional transactions and improper benefit transfers in matters such as procurement and sales, asset acquisition and disposal, endorsement and guarantees, and fund lending among the group and related parties, these operational regulations are established in accordance with Article 17 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and shall be adhered to.

Article 2

Financial and business operations between the Company and its group companies and related parties should be conducted in accordance with these regulations, except where otherwise stipulated by laws, regulations, or the Company's articles of incorporation.

Article 3

For the purposes of these regulations:

Related Parties are defined in accordance with the Financial Reporting Standards for Securities Issuers.

Group Companies and Related Enterprises refer to those companies which, according to Article 369-1 of the Company Act, independently exist but have the following relationships:

1. Companies with control and subordinate relationships.
2. Companies with mutual investments. When assessing control and subordinate relationships, in addition to considering their legal form, their substantive relationships should also be taken into account.

Article 4

The Company should consider the overall operational activities of the Company and the group, and establish effective internal control systems

for transactions with related parties (including related enterprises). The Company should regularly review these systems to adapt to changes in the internal and external environment, ensuring that the design and implementation of the system remain effective.

The Company should, considering the legal requirements of the local government where its subsidiaries are located and the nature of their operations, ensure that subsidiaries establish effective internal control systems. For group companies and related parties that are not publicly listed, the Company should still assess their impact on the Company's financial and business operations and require them to establish effective internal control systems, as well as financial, business, and accounting management systems.

Article 5

In supervising the management of group companies and related enterprises, in addition to following the relevant internal control systems established by the Company, the Company should also pay attention to the following matters:

1. **Board Representation:** The Company should obtain appropriate seats on the boards of directors and supervisory boards of group companies and related enterprises based on its shareholding ratio.
2. **Director Participation:** Directors appointed by the Company to group companies and related enterprises should regularly attend the boards of directors of these entities. The management of these entities should report on corporate goals and strategies, financial conditions, operational results, cash flows, and significant contracts. This oversight helps monitor the operations of group companies and related enterprises. Any irregularities should be investigated, documented, and reported to the Company's Chairman or General Manager.
3. **Supervisor Oversight:** Supervisors appointed by the Company to group companies and related enterprises should oversee the execution of business activities, investigate the financial and business conditions of these entities, review books, documents, and audit reports, and request reports from the boards or managers of these entities. Irregularities should be investigated, documented, and reported to the Company's Chairman or General Manager.
4. **Key Positions:** The Company should appoint qualified personnel to

key positions in group companies and related enterprises, such as General Manager, Chief Financial Officer, or Internal Audit Manager, to ensure management, decision-making, and oversight responsibilities are effectively executed.

5. Internal Audit Units: The Company should guide subsidiaries in setting up internal audit units and establishing internal control systems based on the nature of their business, operational scale, and number of employees. This includes defining procedures and methods for self-inspection.
6. Internal Audit Reviews: In addition to reviewing the audit reports or self-inspection reports submitted by subsidiaries, the Company's internal audit personnel should conduct regular or ad hoc audits of subsidiaries. Findings and recommendations from audit reports should be communicated to the audited subsidiaries for improvements, and follow-up reports should be prepared regularly to ensure timely implementation of corrective actions.
7. Financial Reporting: Subsidiaries should regularly (e.g., by the 15th of each month) submit financial statements for the previous month, including balance sheets, income statements, expense detail reports, cash flow and forecast statements, accounts receivable aging analysis, overdue accounts details, inventory aging analysis, and monthly reports on fund lending and guarantees. Any anomalies should be accompanied by analysis reports for the Company's control. Other group companies and related enterprises should also provide the Company with financial statements for the previous quarter (e.g., by the 15th of each quarter), including balance sheets and income statements, for analysis and review.

Article 6

The Company's managers should not concurrently hold managerial positions in group companies or related enterprises, nor should they engage in or operate businesses similar to those of the Company, either independently or with others, except when specifically approved by the Board of Directors. The management authority and responsibilities between the Company and its group companies and related enterprises should be clearly delineated, and the interchange of personnel should be avoided. However, if there is a need for support or reassignment, the scope of work, responsibilities, and cost-sharing methods should be clearly defined in

advance.

Article 7

The Company should establish an effective financial and business communication system with each group company and related enterprise. Regular comprehensive risk assessments should be conducted for relationships with banks, major customers, and suppliers to reduce credit risk. For group companies and related enterprises with financial and business transactions with the Company, significant financial and business matters should be monitored at all times to manage risks effectively.

Article 8

The Company must carefully evaluate any funding loans or endorsements and guarantees between the Company and its group companies and related parties. These transactions must comply with the "Regulations Governing Loaning of Funds and Endorsements/Guarantees by Public Companies" and the Company's established procedures for lending to others and providing endorsements/guarantees.

Funding loans or endorsements/guarantees between the Company and its group companies or related parties should be subject to detailed review on the following matters, and the assessment results should be reported to the Board of Directors. Funding loans must be approved by the Board of Directors and cannot be delegated to others. For endorsements/guarantees, the Board of Directors may authorize the Chairman to handle them within certain limits, but this must be ratified by the most recent Board of Directors meeting.

1. Necessity and Reasonableness: Assess the necessity and reasonableness of the funding loan or endorsement/guarantee. For loans related to business transactions, evaluate whether the loan amount is proportional to the business transaction amount. If short-term funding is needed, provide reasons and circumstances for the loan.
2. Credit and Risk Assessment: Evaluate the creditworthiness and risk associated with the recipient of the loan or endorsement/guarantee.
3. Impact on Company Operations and Financial Position: Assess the impact of the loan or endorsement/guarantee on the Company's operational risks, financial status, and shareholder equity.
4. Collateral Requirements: Determine whether collateral is required

and assess the value of any collateral.

For subsidiaries where the Company directly or indirectly holds more than 90% of the voting shares, endorsements/guarantees must be approved by the Company's Board of Directors in accordance with Article 5, Paragraph 2 of the Regulations Governing Loaning of Funds and Endorsements/Guarantees by Public Companies before proceeding. However, this does not apply to endorsements/guarantees between companies where the Company holds 100% of the voting shares.

For funding loans between the Company and its parent company or subsidiaries, or between subsidiaries, Board of Directors approval is required. The Chairman may be authorized to disburse loans in installments or on a revolving basis up to a certain amount and within a year, as specified by the Board of Directors.

The Company should consider the opinions of all independent directors regarding funding loans or endorsements/guarantees and include their explicit agreements or objections and reasons for objections in the Board of Directors' minutes.

For foreign companies where the Company holds 100% of the voting shares, the financing amount for short-term funding needs is not subject to the 40% limit of the net worth of the borrowing enterprise. For endorsements/guarantees between companies where the Company holds more than 90% of the voting shares, the amount cannot exceed 10% of the Company's net worth. However, this does not apply to endorsements/guarantees between companies where the Company holds 100% of the voting shares.

Follow-up control measures should be strictly implemented for funding loans or guarantees. If there is a risk of overdue receivables or potential losses, appropriate measures should be taken to safeguard the Company's interests.

Article 9

Business transactions between the Company and its group companies and related parties should have clearly defined pricing conditions and payment terms. The purpose, price, terms, substance, and form of the transaction, as well as the relevant procedures, should not differ significantly from normal transactions with non-related parties or appear unreasonable.

When procuring finished products, semi-finished products, or raw

materials from group companies or related parties due to business needs, procurement personnel should comprehensively evaluate the reasonableness of the quotes from group companies or related parties against market prices and other transaction conditions. Except where special factors or superior conditions justify offering preferential prices or payment terms compared to general suppliers, other prices and payment terms should align with those offered by general suppliers.

When selling finished products, semi-finished products, or raw materials to group companies or related parties, the pricing should reference current market prices. Except where long-term cooperative relationships or other special factors justify offering preferential prices or payment terms compared to general customers, other prices and payment terms should align with those for general customers.

For labor or technical services provided to or received from group companies or related parties, a contract should be signed by both parties specifying the service content, fees, duration, payment terms, and after-sales service. This contract should be processed after approval by the General Manager or Chairman, and all terms should follow general commercial practices.

The accounting personnel of the Company and its group companies or related parties should reconcile their respective balances of purchases, sales, receivables, and payables by the end of each month. Any discrepancies should be investigated, and a reconciliation statement should be prepared.

Article 9-1

For transactions involving sales and purchases, or labor or technical services with related parties, where the expected total annual transaction amount reaches 5% of the Company's most recent consolidated total assets or consolidated net revenue for the most recent fiscal year, except where governed by the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" or transactions between the Company and its parent company, subsidiaries, or between subsidiaries, the following information must be submitted to the Board of Directors for approval before proceeding with the transaction:

1. Transaction Details: The items, purpose, necessity, and anticipated benefits of the transaction.
2. Selection Justification: The reasons for selecting the related

- party as the transaction counterpart.
3. Pricing Principles: The principles for calculating the transaction price and the expected annual transaction amount ceiling.
 4. Commercial Terms: An explanation of whether the transaction conditions conform to normal commercial terms and do not harm the interests of the Company or its shareholders.
 5. Restrictions and Agreements: Any restrictive conditions and other important terms of the transaction.

Transactions with related parties described above must be reported to the most recent shareholders' meeting at the end of the fiscal year, including:

6. Actual Transaction Details: The actual transaction amounts and conditions.
7. Compliance with Pricing Principles: Whether the transactions were conducted according to the pricing principles approved by the Board of Directors.
8. Transaction Amount Ceiling: Whether the transactions did not exceed the annual transaction amount ceiling approved by the Board of Directors. If the ceiling was exceeded, the reasons, necessity, and reasonableness should be explained.

Article 10

Transactions involving assets, derivatives, mergers, demergers, acquisitions, or share transfers between the Company and its group companies and related parties must be conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Company's established procedures for acquiring or disposing of assets.

When acquiring or disposing of securities with a group company or related party, or acquiring securities of a group company or related enterprise, the Company should obtain the most recent financial statements of the target company audited or reviewed by an accountant before the occurrence of the transaction to assess the transaction price. Additionally, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company should seek an accountant's opinion on the reasonableness of the transaction price before the transaction occurs. However, this requirement does not apply to securities with active market quotations or where otherwise specified by the Financial Supervisory Commission.

For transactions involving intangible assets, their usage rights, or membership certificates with a transaction amount reaching 20% of the Company' s paid-in capital, 10% of total assets, or NT\$300 million or more, the Company should also seek an accountant' s opinion on the reasonableness of the transaction price before the transaction occurs. The calculation of the transaction amounts in the preceding two paragraphs should be carried out in accordance with Article 31, Paragraph 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 11

For transactions involving the acquisition or disposal of real estate or its usage rights, or other assets between the Company and related parties where the transaction amount reaches 20% of the Company' s paid-in capital, 10% of total assets, or NT\$300 million or more, except for the purchase and sale of government bonds, bonds with repurchase agreements, securities with buyback conditions, and investments in domestic securities investment trust companies' money market funds, the following information must be submitted to the Board of Directors for approval and to the Supervisors for acknowledgment before signing the transaction contract and making payments:

1. Valuation Report: A valuation report from a professional appraiser as required by regulations or an opinion from an accountant.
2. Purpose and Benefits: The purpose, necessity, and anticipated benefits of acquiring or disposing of the asset.
3. Selection of Related Parties: The reasons for selecting the related party as the transaction counterpart.
4. Reasonableness Assessment: For acquiring real estate from related parties, relevant data to assess the reasonableness of the proposed transaction conditions as per Article 16 and Article 17 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."
5. Historical Information: The original acquisition date and price, transaction counterpart, and their relationship with the Company and its group companies and related parties.
6. Cash Flow Forecast: A cash flow forecast for the upcoming year starting from the expected contract signing month, and an

evaluation of the necessity of the transaction and the reasonableness of the capital utilization.

7. Restrictions and Agreements: Restrictions and other important terms of the transaction.
8. Accountant's Opinion: An opinion from an accountant on whether the transaction with related parties meets general commercial conditions and does not harm the interests of the Company and its minority shareholders.

For transactions involving real estate, equipment, or their usage rights with a transaction amount reaching 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, a professional appraisal report must be obtained. If the appraisal result differs by more than 20% from the transaction amount, an accountant's specific opinion on the reason for the discrepancy and the appropriateness of the transaction price should also be sought. The transaction must be approved by a Board of Directors meeting with at least two-thirds of the directors present and a majority of those present voting in favor.

If the actual transaction price for acquiring real estate or its usage rights exceeds the assessed cost and no objective evidence or specific reasonable opinions from a professional appraiser and accountant can be provided, the Board of Directors should thoroughly assess whether the transaction harms the Company and shareholders' interests and may refuse the transaction if necessary. Supervisors should exercise their oversight authority and, if needed, immediately inform the Board to halt the transaction.

If the Board of Directors approves the transaction and it is acknowledged by the Supervisors, the Company must allocate the difference between the transaction price and the assessed cost as a special surplus reserve and may not distribute or capitalize it. Additionally, the handling of the transaction must be reported to the shareholders' meeting, and detailed information about the transaction should be disclosed in the annual report and public disclosure documents.

For transactions involving related parties, the following situations must also be submitted to the shareholders' meeting for resolution after the Board of Directors' approval, with shareholders who have a personal interest in the transaction being prohibited from voting:

1. Transactions by the Company or its non-domestic publicly-listed subsidiaries where the transaction amount exceeds 10% of the

Company' s total assets.

2. Transactions where the amount or terms significantly impact the Company' s operations or shareholder interests according to company law, the Company' s articles of incorporation, or internal procedures.

At the end of each fiscal year, the Company must report the actual details of related party transactions (including actual transaction amounts, conditions, and the information specified above) to the most recent shareholders' meeting.

For companies with an audit committee, matters requiring Supervisor acknowledgment under this Article should first receive the approval of at least half of the audit committee members and then be submitted to the Board of Directors for a resolution, in accordance with Articles 6, Paragraphs 4 and 5 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 12

For financial and business transactions between the Company and its group companies or related parties that require a resolution by the Board of Directors, the opinions of all independent directors should be fully considered. The Board of Directors must record the clear opinions and reasons for approval or dissent provided by the independent directors. Directors who have a personal interest or represent a corporation with an interest in the matter being discussed, which may harm the Company' s interests, should recuse themselves from the discussion and voting. They should not delegate their voting rights to other directors. Directors must exercise self-discipline and avoid inappropriate mutual support.

The spouse, second-degree relatives, or companies under the control of a director, who have an interest in the matter discussed at the meeting, are considered to create a personal interest for the director concerning that matter.

When Supervisors identify that the Board of Directors or individual directors are violating laws, regulations, or shareholders' resolutions, they should promptly notify the Board of Directors or the individual directors to cease their actions. Supervisors should take appropriate measures to prevent the escalation of the issue and, if necessary, report to the relevant authorities or agencies.

Article 13

The Company shall comply with legal requirements for public announcements or filings and their deadlines. It must promptly arrange for its subsidiaries to provide necessary financial and business information or engage accountants to audit or review the financial reports of its subsidiaries.

The Company shall announce consolidated balance sheets, consolidated income statements, and accountant's review reports of its related enterprises according to the deadline specified for annual financial report filings. If there are any changes in the group or related parties, such changes should be reported to the Taiwan Stock Exchange or the Taipei Exchange within two days of the change.

Significant transaction matters between the Company and its group or related parties must be fully disclosed in the annual report, financial statements, group and related party reports, and public offering prospectuses.

If the group or related parties experience financial difficulties, the Company should obtain their financial statements and related information to assess the impact on the Company's finances, business, or operations. If necessary, appropriate protective measures should be taken for the Company's receivables. In such cases, in addition to specifying the impact on the Company's financial condition in the annual report and public offering prospectus, significant information should also be promptly released on the Public Information Observatory website.

Article 14

When the group or related enterprises of the Company encounter the following situations, the Company shall announce and report the relevant information:

1. For subsidiaries not publicly listed domestically, if they acquire or dispose of assets, provide endorsements or guarantees, or lend funds to others and the amounts meet the reporting standards.
2. Matters related to bankruptcy or restructuring procedures conducted by the parent company or subsidiaries according to relevant laws.
3. Major decisions made by the board of directors of the group or related enterprises that have a significant impact on the rights of the Company's shareholders or the price of its securities.
4. Significant information that meets the requirements specified in

the "Taiwan Stock Exchange' s Procedures for Verification and Disclosure of Material Information of Listed Securities Companies" or the "Taipei Exchange' s Procedures for Verification and Disclosure of Material Information of Emerging Companies" by the Company' s subsidiaries and non-listed parent companies.

If the Company' s parent company is a foreign company, the Company must report the following facts to the relevant authorities on the next business day before trading hours, upon becoming aware of these facts or their media coverage:

1. Significant changes in shareholding.
2. Major changes in business policies.
3. Severe production reduction or complete shutdown due to a significant disaster.
4. Major impacts on shareholder rights or Company operations due to changes in the laws or regulations of the parent company' s country.
5. Media reports on the parent company that could significantly affect the price of the Company' s securities.
6. Other significant events that require immediate disclosure according to the laws of the parent company' s country.

Article 15

This Operating Procedure shall be implemented upon approval by the Board of Directors, and the same process applies to any amendments.

This procedure was established on December 30, 2011

The first amendment was made on August 11, 2020

The second amendment was made on February 23, 2023