

VIVOTEK Inc.
Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises

Approved by the Board of Directors on February 21, 2023

- Article 1 To ensure sound financial and business interactions between the Company and its affiliated enterprises 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 Company and its affiliated enterprises, these Rules are adopted pursuant to Article 17 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between the Company and any of its affiliated enterprises shall be handled in accordance with the provisions of these Rules.
- Article 3 The term "affiliated party" as used herein shall be determined in accordance with the Regulations Governing the Preparation of Financial Report 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 Company:
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 Company shall establish an effective internal control system for transactions with affiliated parties (including affiliated enterprises) in regard to its own and its affiliated 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.
- The Company 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 affiliated party that is not a public company, the Company shall still, in consideration of the degree of influence it has on the Company's business and finances, requires that it develops 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 Company shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:
1. The Company 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 Company 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 Company.
 3. A supervisor assigned to an affiliated enterprise by the Company 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 Company.
 4. The Company 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 Company, 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 Company 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 Company shall regularly submit monthly financial statements for the preceding month, including balance sheets, income statements, statements of expenses, 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 Company. 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 Company.

Article 6 A managerial officer of the Company may not concurrently serve as a managerial officer of any affiliated enterprise of the Company, and shall not operate the same type of business as the Company, 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 Company 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 Company 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 Company 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 Company and an affiliated 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 Company 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 Company and any affiliated 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 an affiliated party, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated 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 an affiliated 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 Company and an affiliated 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 Company, and all contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both the Company and its affiliated 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 estimated annual transaction amount for sales and purchase of goods, labor or technology services between the Company and the affiliated parties reaches 5% of the Company's consolidated total asset or the latest consolidated net operating income, in addition to compliance with Regulation Governing the Acquisition and Disposal of Assets by Public Companies unless the aforesaid transactions arose between the Company and its parent company or subsidiary or transactions between its subsidiaries, the following materials should be submitted to the Board of Directors for approval before the execution of the transaction.

1. The item, purpose, necessity, and expected benefits of the transaction.
2. Reasons for selecting affiliated parties as transaction partners.
3. The calculation principle of the transaction price and the estimated upper limit of the annual transaction amount.
4. A statement on whether the transaction terms conform to normal commercial terms and do not damage the interests of the company and shareholders.
5. Transaction restrictions and other important agreed matters.

For transactions with affiliated parties referred to in the preceding paragraph, the following matters shall be submitted to the latest shareholders' meeting report after the end of the year:

1. The actual transaction amount and terms.
2. Whether it is handled in accordance with the transaction price calculation principles approved by the Board of Directors.
3. Whether the annual transaction amount upper limit approved by the Board of Directors has not been exceeded. If the upper limit of the transaction amount has been exceeded, the reasons, necessity, and rationality shall be explained.

Article 10

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

Article 11

When the Company intends to conduct any acquisition or disposal of real property or its surface right asset from or to any of its affiliated parties, or to conduct an acquisition or disposal of assets other than real property or its surface right asset from or to any of its affiliated parties, the transaction should be carried out 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 Company.

When the Company has a transaction of the first item in the preceding paragraph with an affiliated party, it shall submit the actual transaction information (including actual transaction amount, transaction terms, and any other information listed in the first item) to the latest shareholders' meeting report after the end of the year.

Article 12

With respect to any financial or business interaction between the Company and any affiliated 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 discuss nor vote on that item nor exercise voting

rights as a proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.

A director shall be treated as an interested party with respect to a particular agenda item when the spouse, or blood relatives within the second degree of kinship, or a company with which the director has a controlling affiliation relationship has an interest relationship in the matters of the preceding meeting agenda.

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, the Audit Committee 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 or to file a report with the relevant regulatory authority or agency.

Article 13

The Company, 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 Company 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 or GTSM within 2 days of the change.

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

If an affiliated party experiences financial difficulties, the Company shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of the Company, and when necessary, appropriate conservatory measures shall be adopted to safeguard the Company's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on the Company's financial position in its annual report and prospectus, the Company 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 Company 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 Company.
4. Any matter regarding a subsidiary of the Company 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 and of the GreTai Securities Market Procedures for Verification and Disclosure of Material Information of Companies with GTSM Listed Securities.

Article 15

These Rules shall take effect after approval of the Board of Directors. Subsequent amendments thereto shall be effected in the same manner.