

PlayNitride Inc

Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises

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Article 1

To ensure sound financial and business interactions between this Corporation 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 this Corporation 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 this Corporation and any of its affiliated enterprises shall be handled in accordance with the provisions of these Rules.

Article 3

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 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

This Corporation shall establish an effective internal control system 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.

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 affiliated

enterprise that is not a public company, this Corporation shall still, in consideration of the degree of influence it has on this Corporation's business and finances, 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, this Corporation shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:

1. This 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 this 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 this Corporation.
3. A supervisor assigned to an affiliated enterprise by this 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 this Corporation.
4. This Corporation shall assign competent personnel to assume important positions at its affiliated enterprise, such 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. This 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 this 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 this Corporation shall regularly submit monthly financial statements for the preceding month, including balance sheets, income statements, statements of expenses etc. In the event of irregularities, analysis reports shall also be submitted to allow management and control by this 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 this Corporation.

Article 6

A managerial officer of this Corporation may concurrently serve as a managerial officer of any affiliated enterprise of this Corporation, and shall not operate the same type of business as this 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 this 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

This 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, this 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 this Corporation and an affiliated enterprise 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 this 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 this Corporation and any affiliated enterprise. 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 enterprise, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated enterprise based on market prices and other transaction terms and conditions.

Price quotes for the sale of any finished products, semi-finished products, or materials to an affiliated enterprise 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 this Corporation and an affiliated enterprise, 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 this Corporation, and all contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both this Corporation and its affiliated enterprises 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

The company purchases and sells goods, conducts labor or technical service transactions with related parties, and the estimated annual transaction amount reaches 5% of the company's latest consolidated total assets or the latest year's consolidated net operating income, unless the applicable public offering company obtains or According to the asset disposal guidelines, or the company and its parent company, subsidiaries, or transactions between subsidiaries, the following materials should be submitted to the board of directors for approval before the transaction can be carried out:

1. The item, purpose, necessity, and expected benefits of the transaction.
2. Reasons for selecting related 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 conditions 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 related 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 conditions.
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 this Corporation and an affiliated enterprise 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 this Corporation.

When this Corporation makes an acquisition of securities from or a disposition of securities to an affiliated enterprise, or an acquisition from an unaffiliated enterprise of securities whose underlying is the stock of an affiliated enterprise, it shall first obtain the financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA), for reference in appraising the transaction price. If the amount of the transaction is 20 percent or more of this Corporation's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, it shall also request a CPA to provide an opinion on the reasonableness of the transaction price. However, this restriction shall not apply if the securities are publicly quoted in an active market or otherwise stipulated by the Financial Supervisory Commission.

Acquisition or disposal of intangible assets or right-to-use assets from related parties, or membership card transactions amounting to 20% of the company's paid-in capital, 10% of total assets, or NT\$300 million or more, shall be deemed to have occurred in fact. A few days ago, I asked an accountant to express his opinion on the rationality of the transaction price.

Article 11

When this Corporation intends to conduct any acquisition or disposal of real property or right-to-use assets from to any of its affiliated enterprises, or to conduct an acquisition or disposal of assets other than real property or right-to-use assets from or to any of its affiliated enterprises 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, it shall have the following materials should be submitted to the Audit Committee, approved by more than half of all members, and approved by the Board of Directors before it may enter into a contract for the transaction and pay the required monies:

1. An appraisal issued by a professional appraiser as required by regulations, or a CPA opinion.
2. The purpose, necessity, and projected benefits of the acquisition or disposal of real property.
3. The reason for choosing the affiliated enterprise as a trading counterparty.
4. Information relating to appraisal of the reasonableness of the preliminary transaction terms when acquiring real property from an affiliated enterprise.
5. The date and price at which the real property was originally acquired by the affiliated enterprise, the trading counterparty, and the trading counterparty's relationship with this Corporation and its affiliated enterprises.
6. Monthly cash flow forecasts for a full year commencing from the scheduled month of contract signing, and an evaluation of the necessity of the transaction and the reasonableness of the utilization of funding.
7. Any restrictions on the transaction and other important stipulations.
8. An opinion issued by a CPA engaged to review whether the transaction with the affiliated enterprise conforms with ordinary commercial terms and whether it is not damaging to the interests of this Corporation and its minority shareholders.

When the amount of the transaction under the preceding paragraph is 20 percent or more of this Corporation's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, this Corporation shall obtain an appraisal report issued by a professional appraiser. If the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount, this Corporation shall additionally request a CPA to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price, and it shall be approved by a majority of the directors in attendance at a board of directors meeting attended by two-thirds or more of the directors.

In an acquisition of real property or right-to-use assets from an affiliated enterprise, if the actual transaction price is higher than the appraised transaction cost, and no objective evidence can be presented and no concrete opinion that the transaction is reasonable can be obtained from a professional appraiser and a CPA, the board of directors shall thoroughly review the transaction and determine whether it may prejudice the rights and interests of this Corporation and its shareholders, and when necessary, shall refuse to enter into the transaction. The supervisors shall also exercise their supervisory powers in respect of such a transaction, and when necessary shall notify the board of directors to stop the transaction.

When a transaction as described under the preceding paragraph has been approved by the board of directors and recognized by the supervisors, this Corporation shall set aside a special reserve against the difference between the transaction price and the appraised cost, and may not distribute the difference or use it for capital increase or for issuance of bonus shares. In addition, this Corporation shall report the handling of the above transaction to the shareholders meeting and shall disclose the details of the transaction in the annual report and any prospectus.

In the event of any of the following transactions involving related parties, after the approval of the board of directors, the materials in the first paragraph shall still be submitted to the shareholders' meeting for approval, and shareholders with their own interests shall not participate in the voting:

1. The company or a subsidiary of the company not subject to domestic public offering has the first transaction, and the transaction amount reaches more than 10% of the company's total assets.
2. According to the company law, the company's articles of association or internal operating procedures, the transaction amount and conditions have a significant impact on the company's operations or shareholders' rights and interests.

If the company has the first transaction with a related party, it shall submit the actual transaction status (including the actual transaction amount, transaction conditions, and the information of the first item, etc.) to the latest shareholders' meeting report after the end of the year.

If the company has established an audit committee, it shall first obtain the consent of more than half of all members of the audit committee, and submit a resolution to the board of directors, and the provisions of Article 6, Item 4 and Item 5 of the "Public Issued Companies Acquisition or Disposal of Assets" shall apply *mutatis mutandis* .

Article 12

With respect to any financial or business interaction between this Corporation and any affiliated enterprise 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.

If a director's spouse, second degree of blood relative, or a company with which the director has a controlling affiliation relationship has an interest in the matters of the preceding meeting, it shall be deemed that the director has his own 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

This 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.

This 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 or GTSM within 2 days of the change.

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

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

Article 14

Affiliated of the Company are compliantly 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, the Company should declare on its behalf.

Article 15

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