

St.Shine Optical Co., Ltd.
**Rules governing financial and business matters between the company
and its related parties**

Article 1 To ensure sound financial and business interactions between the company 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 company 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 company and any of its related parties shall be handled in accordance with the provisions of these Rules.

Article 3 The term “related party” as used herein shall be identified 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 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 in regard to its own and its related parties' (including 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

related 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, 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 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 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. 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 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 a related party shall be carefully assessed and carried out in compliance with the provisions of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the “Loans and Endorsement & Guarantee Operational Procedures” prescribed by the company.

Article 9 Price terms and payment methods shall be expressly stipulated for any business interaction between the company 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 company 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 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 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 The company, when engaging in sales or purchase of products, professional or technical services with a related party, is required to submit the following information to the board of directors for approval before proceeding with transactions, unless covered by the Regulations Governing the Acquisition and Disposal of Assets by Public Companies or involving transactions between the

company, its parent company, subsidiaries, or transactions between subsidiaries, and the transaction amount for the entire fiscal year is expected to reach 5 percent of the company's most recent consolidated total assets or the net sales of the most recent fiscal year:

1. The items, purpose, necessity, and projected benefits of the transaction.
2. The reason for choosing the related party as a trading counterparty.
3. Principles for calculating the transaction price and the expected annual transaction amount limit.
4. Explanation of whether the transaction with the related party conforms with ordinary commercial terms and whether it is not damaging to the interests of the company and its shareholders.
5. Any restrictions on the transaction and other important stipulations.

For transactions with the related party of the preceding paragraph, the following information should be reported in the most recent shareholders' meeting at the end of the fiscal year:

1. Actual transaction amount and terms.
2. Confirmation of whether the transaction was conducted according to the approved transaction price calculation principles by the board of directors.
3. Confirmation of compliance with the approved annual transaction amount limit. If the transaction amount limit has been exceeded, an explanation of the reasons, necessity, and reasonableness should be provided.

Article 10 Any asset transaction, derivative trading, merger, demerger, acquisition, or share transfer between the company 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 the Acquisition or Disposal of Assets" prescribed by the company.

Article 11 When the company intends to conduct any acquisition or disposal of real property or 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 right-of-use assets from or to any of its related parties in which the transaction amount is furthermore 20 percent or more of the company'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 matters approved by the audit committee and 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 related party as a trading counterparty.
4. When acquiring real property or right-of-use assets from related parties, relevant information assessing the reasonableness of the anticipated transaction conditions should be evaluated in accordance with the provisions of Articles 16 and 17 of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies."
5. The date and price at which the real property was originally acquired by the related party, the trading counterparty, and the trading counterparty's relationship with the company and its related parties.
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 related party conforms with ordinary commercial terms and whether it is not damaging to the interests of the company and its minority shareholders.

When the amount of the transaction under the preceding paragraph is 20 percent or more of the company's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, the company 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, the company 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-of-use assets from a related party, 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 the company and its shareholders, and when necessary, shall refuse to enter into the transaction. The audit committee 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 audit committee and the board of directors, the company 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, the company 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.

When the following circumstances is present in a transaction with a related party, after passage by the board of directors, the matter in the paragraph 1 shall also be submitted to the shareholders meeting for passage of a resolution, and neither the related party nor any shareholder connected with the related party may participate in the voting:

1. The company or any subsidiary which is not a public company engages in a transaction falling under the paragraph 1, and the transaction amount is 10 percent or more of the total assets of the company.
2. According to the Company Law, the company's articles of incorporation, or internal operating procedures, the transaction have a significant impact on the company's operations or shareholder equity in terms of transaction amount or conditions.

If the company engages in transactions falling under the paragraph 1 with related parties, the actual transaction details (including the actual transaction amount, transaction terms, and information specified in the paragraph 1) should be reported in the most recent shareholders' meeting at the end of the fiscal year.

In accordance with the provisions of this article requiring approval from the audit committee, the consent of more than half of all members is necessary, and a resolution must be submitted to the board of directors. The rules specified in Article 6, Paragraphs 4 and 5, of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" shall apply *mutatis mutandis*.

Article 12 With respect to any financial or business interaction between the company 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.

The spouse, blood relatives within the second degree or companies with a controlling or subordinate relationship to a director shall be deemed to have a personal interest in matters discussed in the aforementioned meetings if they are involved, and, therefore, the director is considered to have a personal interest in those matters.

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. When necessary, the audit committee shall also 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 TPEx within 2 days of the change.

Information on any material transaction between the company and related parties 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 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 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 Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities.

Article 15 These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors.

The enacted date: May 3, 2023.