

Eris Technology Corporation

Regulations on Financial and Business Operations Between Related Parties

1. Purpose:

To prevent unconventional transactions between the Company and its related parties, specified companies, or group enterprises, which may harm the interests of the Company or its investors, these operating procedures are hereby established.

2. Scope:

Unless otherwise stipulated by law, all related party transactions of the Company shall be handled in accordance with these operating procedures.

3. Content:

3.1. Procedure Description:

3.1.1. Any party that meets the definition of a related party under International Accounting Standard 24, "Related Party Disclosures" and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" shall be deemed a related party of the Company.

For the purpose of these Procedures, "related enterprises" refer to independently existing enterprises that have any of the following relationships with each other, as stipulated in Article 369-1 of the Company Act:

- (1) Companies with a controlling and subordinate relationship.
- (2) Companies with mutual investments. When determining the controlling and subordinate relationships mentioned in the preceding subparagraph, the substantive relationship shall be considered in addition to the legal form.

3.1.2. Transactions with related parties include:

- (1) Sales
- (2) Purchases
- (3) Asset transactions and long-term investments
- (4) Loaning of funds
- (5) Endorsements and guarantees
- (6) Other transactions (e.g., commissions and technology licensing)

3.1.3. The processing of sales and purchase orders with related parties, and the management of accounts receivable and accounts payable arising from such sales and purchases, shall be handled in accordance with relevant internal control procedures.

3.1.4. Business dealings between the Company and its related parties shall clearly stipulate pricing terms and payment methods. The purpose, price, terms, substance and form of the transaction, and related processing procedures shall not be significantly disproportionate or unreasonable compared to normal transactions with non-related parties or market prices.

3.1.5. For sales and purchases with related parties necessitated by business needs, if there are special factors or superior conditions different from general vendors, preferential prices

or payment terms may be granted through reasonable agreement. Otherwise, the prices and payment terms shall be comparable to those for general vendors.

- 3.1.6. For labor or technical services with related parties, both parties shall sign a contract stipulating the service content, service fees, period, payment terms, and after-sales service, which shall be handled after approval by the General Manager or Chairperson. All terms of such contracts shall adhere to general commercial practices and relevant internal control procedures.
- 3.1.7. Accounting personnel shall reconcile sales, purchases, and outstanding accounts receivable and accounts payable with related parties by the end of each month for the preceding month. Any discrepancies shall be investigated, and a reconciliation statement shall be prepared.
- 3.1.8. Asset transactions, derivative instrument transactions, business combinations, spin-offs, acquisitions, or share transfers with related parties shall be handled in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the Company's "Procedures for Acquisition or Disposal of Assets".
- 3.1.9. Endorsements and guarantees with related parties shall be handled in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the Company's "Procedures Governing Endorsement and Guarantees".
- 3.1.10. Loaning of funds with related parties shall be handled in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the Company's "Procedures Governing Loaning of Funds".
- 3.1.11. For sales, purchases, labor, or technical service transactions with related parties, where the estimated annual transaction amount reaches 5% of the Company's most recent consolidated total assets or the most recent annual consolidated net operating revenue, the following information shall be submitted to the Board of Directors for approval before the transaction can proceed, unless otherwise stipulated by the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" or if the transaction is between the Company and its parent company, subsidiaries, or among subsidiaries:
 - (1) Items, purpose, necessity, and estimated benefits of the transaction.
 - (2) Reasons for selecting the related party as the counterparty.
 - (3) Principles for calculating the transaction price and the estimated annual transaction amount ceiling.
 - (4) Explanation of whether the transaction terms comply with normal commercial terms and do not harm the Company's interests or shareholders' equity.
 - (5) Restrictions on the transaction and other important agreed-upon matters.For the related party transactions mentioned in the preceding paragraph, the following matters shall be reported to the most recent shareholders' meeting after the end of the

year:

- (1) Actual transaction amount and terms.
- (2) Whether the transaction was conducted based on the transaction price calculation principles approved by the Board of Directors.
- (3) Whether the transaction did not exceed the annual transaction amount ceiling approved by the Board of Directors. If it exceeded the ceiling, the reasons, necessity, and reasonableness shall be explained.

3.1.12. When the Company acquires or disposes of assets from or to related parties, and the transaction amount reaches the thresholds stipulated in Article 9, Paragraphs 1 and 2 of the Company's "Procedures for Acquisition or Disposal of Assets", the transaction shall be submitted to the Company's Audit Committee and Board of Directors for approval before proceeding. For related party transactions involving the acquisition or disposal of assets as mentioned in the preceding paragraph, unless approved by the shareholders' meeting in accordance with Article 9, Paragraph 2, Subparagraph (5) of the Company's "Procedures for Acquisition or Disposal of Assets", the following matters shall be reported to the Company's most recent shareholders' meeting after the end of the year:

- (1) Actual transaction amount and terms.
- (2) All information listed in Article 9, Paragraph 2 of the Company's "Procedures for Acquisition or Disposal of Assets".

3.1.13. For financial and business dealings with related parties that require a resolution by the Board of Directors, the opinions of each independent director shall be fully considered, and their explicit consent or dissent and the reasons for dissent shall be recorded in the minutes of the Board meeting.

3.1.14. Directors who have a personal interest in a matter discussed at a meeting that may harm the Company's interests shall recuse themselves, shall not participate in the vote, and shall not exercise voting rights on behalf of other directors.

3.1.15. In the event of significant transactions with related parties, relevant information shall be disclosed in the notes to the financial statements in accordance with International Accounting Standard 24, "Related Party Disclosures" and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

3.2. Control Points:

3.2.1. Is the Company's list of related parties accurate?

3.2.2. Are there any significant discrepancies or unreasonableness between transactions arising from business dealings between the Company and its related parties and normal transactions with non-related parties?

3.2.3. Do accounting personnel regularly reconcile sales, purchases, and outstanding accounts receivable and accounts payable with related parties?

3.2.4. Are contracts signed between the Company and its related parties approved by the

responsible supervisors?

- 3.2.5. Are significant transactions between the Company and its related parties approved by the Board of Directors, or are they reported to the most recent shareholders' meeting after the end of the year in accordance with sections 3.1.11. and 3.1.12.? Furthermore, for the aforementioned significant transactions, are the opinions of each independent director fully considered, and are their explicit consent or dissent and the reasons for dissent recorded in the minutes of the Board meeting?
- 3.2.6. Are asset transactions, derivative instrument transactions, business combinations, spin-offs, acquisitions, or share transfers with related parties handled in accordance with the Company's "Procedures for Acquisition or Disposal of Assets"?
- 3.2.7. Are endorsements and guarantees with related parties handled in accordance with the Company's "Procedures Governing Endorsement and Guarantees"?
- 3.2.8. Is the loaning of funds with related parties handled in accordance with the Company's "Procedures Governing Loaning of Funds"?
- 3.2.9. In the event of significant transactions with related parties, is relevant information disclosed in the notes to the financial statements in accordance with International Accounting Standard 24, "Related Party Disclosures" and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"?

4. Attachments: None.