



DELPHA CONSTRUCTION CO., LTD.

Management Procedures for Related Party Transactions

Chapter 1 – General Provisions

Article 1. Purpose

These Procedures are enacted in accordance with the "Laws and Regulations" issued by the Financial Supervisory Commission, as well as the Company's "Regulations Governing the Control of Rules and Procedures" and the "Detailed Rules for the Control of Rules and Procedures." Related party transactions shall be managed in accordance with these Procedures.

Article 2. Definition of Related Parties

The definition of related parties is based on International Accounting Standard NO.24 "Related Party Disclosures" and the provisions of the Company Act. Related parties are defined as follows:

1. Individual related parties or their close family members:
 - (1) Having control or joint control over the Company;
 - (2) Having significant influence over the Company;
 - (3) Individuals who are members of key management personnel of the Company or its parent company.
2. Entity-related parties:
 - (1) The entity and the Company are members of the same group (i.e., parent, subsidiary, or fellow subsidiary).
 - (2) The entity is an associate or joint venture of the Company.
 - (3) The entity and the Company are joint ventures of the same third party.
 - (4) The entity is a joint venture of a third-party and the Company is an associate of the same third party.
 - (5) The entity is controlled or jointly controlled by a person identified in paragraph 1.
 - (6) A person identified in subparagraph 1(1) has significant influence over the entity or is a member of its key management personnel.
 - (7) The entity (or any member of the group to which it belongs) provides key management
 - (8) personnel services to the Company.
3. De facto related parties:

In addition to Article 369-1 of the Company Act and IAS 24, the substance of the relationship shall be considered. Any of the following situations shall be deemed a related party unless evidence shows that there is no control, joint control, or significant influence:



- (1) An affiliated enterprise as defined under Chapter VI-1 of the Company Act, and its directors, supervisors, and managers.
- (2) A company or institution under the same General Management Office as the Company, including its directors, supervisors, and managers.
- (3) An investee in which the Company holds more than 20% of the shares.
- (4) An investor holding 20% or more of the Company's equity.
- (5) A company or institution listed as a related party in any publication or public release issued by the Company.
- (6) Any other company or institution whose chairman or general manager is the same person as that of the Company, or who has a spousal or second-degree kinship relationship with the Company's chairman or general manager.

Article 3. Scope of Related Party Transaction Management

The Company's management of transactions with related parties shall encompass the following five categories:

1. Purchase and sale of goods
2. Asset transactions and long-term investments
3. Financial lending
4. Endorsements and guarantees
5. Other transactions

Chapter 2 – Management of Purchase and Sale Transactions

Article 4.

The handling of sales and purchase orders with related parties, as well as the management of accounts receivable and payable arising from such transactions, shall be conducted in accordance with the relevant internal control procedures.

If the amount of a single sales or purchase transaction with a related party, or the accumulated amount within the most recent year, reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, then unless the transaction is governed by the Regulations Governing the Acquisition or Disposal of Assets by Public Companies or involves the Company and its parent or subsidiaries, the following information must be approved by the Audit Committee and resolved by the Board of Directors before any contract may be signed or payment made:

1. The subject matter, purpose, necessity, and expected benefit of the transaction.
2. The reason for selecting the related party as the counterparty.
3. The pricing principles and the proposed annual maximum transaction amount.



4. A statement on whether the transaction terms comply with standard commercial practices and do not impair the Company's interests or shareholder rights.
5. Any restrictive terms or other significant contractual provisions of the transaction.

Transactions mentioned in the preceding paragraph shall be reported to the most recent shareholders' meeting after year-end, including the following details:

1. The actual transaction amount and terms.
2. Whether the transaction was conducted in accordance with the pricing principles approved by the Board of Directors.
3. Whether the transaction amount exceeded the approved annual cap by the Board of Directors; if exceeded, the reasons, necessity, and justification must be provided.

Article 5.

In business dealings between the Company and related parties, the pricing terms and payment methods shall be clearly stipulated. The transaction's purpose, pricing, conditions, substance and form, and relevant processing procedures shall not materially differ from normal transactions with non-related parties or market pricing, nor shall they be evidently unreasonable.

Article 6.

Where business needs necessitate sales to or purchases from related parties, and there are special factors or superior terms not available to ordinary suppliers, preferential pricing or payment terms may be granted based on reasonable agreements. Otherwise, the pricing and payment terms shall be consistent with those applied to general suppliers.

Article 7.

The accounting unit shall, before the end of each month, reconcile the balances of purchases, sales, accounts receivable, and accounts payable for the preceding month between the Company and related parties. Any discrepancies identified shall be investigated and resolved through a reconciliation statement.

Chapter 3 – Management of Asset Transactions and Long-Term Investments

Article 8.

Transactions between the Company and related parties involving asset transactions, derivative financial instruments, mergers, demergers, acquisitions, or equity transfers shall be handled in accordance with the Company's "Procedures for Acquisition or Disposal of Assets."

For any acquisition or disposal of real estate or right-of-use assets from or to a related party, or acquisition/disposal of other assets (excluding real estate or right-of-use assets) where the transaction amount reaches 20% of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more, and excluding transactions involving government bonds, repo/reverse repo bonds, or purchases/redemptions of money market funds issued by domestic securities



investment trust enterprises, the following information shall be approved by the Audit Committee and resolved by the Board of Directors before a contract may be executed or any payment made:

1. A valuation report issued by a professional appraiser in accordance with regulations, or the opinion of a CPA.
2. The purpose, necessity, and anticipated benefits of the asset acquisition or disposal.
3. The reason for selecting the related party as the transaction counterparty.
4. Supporting documents evaluating the reasonableness of the proposed transaction terms in accordance with Articles 16 and 17 of the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies” for real estate acquired from a related party.
5. The date and price at which the related party originally acquired the asset, the original counterparty, and the relationship between such party and both the Company and the related party.
6. A monthly cash flow forecast for the next 12 months starting from the expected contract date, and an evaluation of the necessity of the transaction and the reasonableness of fund utilization.
7. Restrictive terms and other material provisions of the transaction.
8. A CPA’s opinion on whether the related party transaction complies with standard commercial terms and whether it is free from harm to the Company or its minority shareholders.

Transactions described in the preceding paragraph shall be reported at the most recent shareholders’ meeting after the end of the fiscal year, including:

1. The actual transaction amount and terms.
2. Whether the transaction was executed in accordance with the pricing principles approved by the Board of Directors.
3. Whether the annual transaction amount exceeded the approved limit set by the Board of Directors. If exceeded, the reasons, necessity, and justification must be provided.

Chapter 4 – Management of Financial Lending Transactions

Article 9.

Where there is financial lending between the Company and a related party, the matter shall be handled in accordance with the Company’s “Procedures for Lending Funds to Others.”

Article 10.

Where financial transactions with a related party require resolution by the Board of Directors, the opinions of all independent directors shall be fully considered. Their express consents or objections, along with the reasons for any objections, shall be recorded in the Board meeting



minutes.

Chapter 5 – Management of Endorsements and Guarantees

Article 11.

Where endorsements or guarantees are made between the Company and a related party, such matters shall be handled in accordance with the Company’s “Procedures for Endorsements and Guarantees.”

Chapter 6 – Management of Other Transactions

Article 12

If there are other transactions between the Company and related parties involving labor or technical services, both parties shall enter into a contract specifying the scope of services, service fees, duration, payment terms, and after-sales service, etc. All provisions of the contract shall comply with standard commercial practices and relevant internal control procedures.

Chapter 7 – Conflict of Interest and Disclosure in Financial Reports

Article 13.

Where a director has a personal interest in a matter under discussion that may be detrimental to the Company’s interest, the director shall recuse themselves from voting and shall not act as a proxy for another director in voting on the matter.

Article 14.

Where significant transactions occur between the Company and a related party, relevant information shall be disclosed in the footnotes of the financial statements in accordance with International Accounting Standard 24.

Chapter 8 – Supplementary Provisions

Article 15.

These Procedures shall take effect upon approval by the Board of Directors; the same shall apply to any amendments.

Article 16.

These Procedures were first adopted on February 3, 2006.

The first amendment was made on December 26, 2023.