

Procedures for Acquisition or Disposal of Assets

Article 1 Purpose

These procedures are formulated to strengthen asset management, protect investment and implement information disclosure.

The acquisition or disposal of assets by the Company shall be handled in accordance with the provisions of these procedures.

Article 2 Legal Basis

These procedures are handled in accordance with Article 36-1 of the Securities and Exchange Act and the provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by the Financial Supervisory Commission (hereinafter referred to as the FSC). However, where other laws and regulations provide otherwise, such provisions shall prevail.

Article 3 Scope of Assets

The scope of assets referred to in these procedures is as follows:

- (1) Stocks, bonds, corporate bonds, financial bonds, securities representing funds, depository receipts, call (put) warrants, beneficiary securities and asset-based securities.
- (2) Real property (including land, houses and buildings, investment property, right-of-use of land, and construction enterprise inventory) and equipment.
- (3) Memberships.
- (4) Patents, copyrights, trademarks, franchise rights and other intangible assets.
- (5) Right-of-use assets.
- (6) Claims of financial institutions (including receivables, bills purchased and discounted, loans and overdue receivables).
- (7) Derivatives.
- (8) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.
- (9) Other major assets.

Article 4 Definitions of Related Terms

1. Derivatives: It refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, whose value is derived from a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structure products containing embedded

derivatives. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts and long-term purchase(sale) contracts.

2. Assets acquired or disposed of through mergers, demergers, acquisition, or transfer of shares in accordance with the law: Refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other laws, or to transfer of shares from another company through the issuance of new shares of its own as the consideration therefor (hereinafter called a “transfer of shares”) under Article 156-3 of the Company Act.
3. Related party/subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: It refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: It refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above dates or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investments: It refers to investment in the Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional: Financial holding companies, banks, insurance companies, bills finance companies, trust enterprises, securities firms operating a proprietary trade or underwriting business, futures commission merchants operating a proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchanges: The domestic securities exchange refers to the Taiwan Stock Exchange Corporation; foreign securities exchanges refer to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue (“OTC venue,” “OTC”): “Domestic OTC venue” refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; “foreign OTC venue” refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the

Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.
3. If the company should obtain the appraisal report of two or more professional appraisers, the different professional appraisers or appraising staff shall not be related parties or parties with a substantial relationship.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong as well as the following matters:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case's working papers.
3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 6 After the Audit Committee approval of the Procedures for Acquisition or Disposal of Assets formulated by the Company, they shall be submitted to the Board of Directors' and to the shareholders' meeting for approval, and the same shall apply when amending. If any director expresses an objection and there is a record or written statement, the Company shall send the objection information of the director to the Audit Committee.

Where the acquisition or disposal of assets by the Company is subject to the approval of the Board of Directors in accordance with these procedures or other laws and regulations, if a director expresses an objection and has a record or written statement, the Company shall also send the information of the director's objection to the Audit Committee.

If independent directors have been established in accordance with the Securities and Exchange Act, when submitting the Procedures for Acquisition or Disposal of Assets and transactions to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, full consideration shall be given to the opinions of each independent director. If an independent director has objections or reservations, it shall be stated in the minutes of the board meeting.

If an Audit Committee has been established in accordance with the Securities and Exchange Act, the enactment or amendment of the Procedures for Acquisition or Disposal of Assets shall be subject to the consent of more than half of all the members of the Audit Committee and submitted to the Board of Directors for resolution.

In the preceding paragraph, if the enactment or amendment is not approved by more than half of the members of the Audit Committee, it may be approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.

All members of the Audit Committee referred to in the preceding two paragraphs and all directors referred to in the preceding paragraph shall be calculated based on the actual number of incumbents.

If an Audit Committee has been established in accordance with the Securities and Exchange Act, the provisions of Paragraphs 4 and 5 of this Article shall apply mutatis mutandis to material asset or derivative transactions with the consent of more than half of all members of the Audit Committee and a resolution of the Board of Directors.

Article 7 Limits on the acquisition of real property or its right-of-use assets or securities for non-business purpose.

1. The limits on the acquisition of real property or its right-of-use assets or securities by the Company for non-business purpose are as follows:
 - (1) The amount invested in individual securities shall not exceed 50% of the net value as in the Company's latest financial statements.
 - (2) The total amount of real property purchased or its right-of-use assets or investment securities for non-business purpose shall not exceed 100% of the net value as in the Company's most recent financial statements.
2. The scope and amount of investment in real property or its right-of-use assets or securities acquired by subsidiaries of the Company for non-business purpose shall be handled in accordance with the provisions of the Company. However, the total amount of securities invested by a subsidiary specializing in investment shall not exceed the net value as in the subsidiary's latest financial report.

Article 8 Evaluation and procedures for acquisition or disposal of securities

1. Price determination method and references

To acquire or dispose of securities, the financial statements of the target company in the most recent period which are audited and certified or reviewed by a CPA shall be taken as a reference for evaluating the transaction price before the date of occurrence:

- (1) The acquisition or disposal of securities that are traded on the centralized market or the premises of securities firms shall be determined according to the current market price.
 - (2) When acquiring or disposing of securities that are not traded on the centralized trading market or the premises of securities firms, consideration shall be given to their net worth per share, profitability, future development potential, market interest rate, bond coupon rate and debtor's debt credit, and the price shall be negotiated with reference to the current trading price.
2. Entrusting an expert to issue an opinion

When acquiring or disposing of securities, the latest audited and certified or reviewed financial statements of the target company shall be obtained as the reference for evaluating the trading price beforehand. In addition, if the transaction amount reaches

20% of the Company's paid-in capital or NT\$300 million or more, the Company shall consult an accountant for a fairness opinion on the transaction price before the date of occurrence. However, this restriction does not apply if the securities are publicly quoted in an active market or there are other applicable requirements by the Financial Supervisory Commission.

3. Authorization limits and levels

- (1) When acquiring or disposing of securities that are not traded on the centralized trading market or the premises of securities firms, if the amount of a single transaction is less than or equal to 10% of the net value as in the latest financial statements, an internal proposal shall be submitted to the President for approval. If the amount exceeds 10% of the net value as in the latest financial statements, the transaction shall not be processed until after being approved by the board meeting.
- (2) The acquisition or disposal of securities not traded on the centralized trading market or on the business premises of securities firms shall be subject to the approval of the Board of Directors, but the Board of Directors may authorize the Chairman of the Board of Directors to make a decision if the amount of a single transaction does not exceed 5% of the net value as in the latest financial statements.

4. Execution unit

The Finance Department is the execution unit of the Company's acquisition or disposal of long-term and short-term securities investments.

5. Transaction process

The trading process of the Company's acquisition or disposal of securities shall be handled in accordance with the provisions of the Company's internal control system and investment cycle related operations.

Article 9 Evaluation and procedures for acquiring or disposing of real property, equipment or its right of-use assets

1. Price determination method and references

For the acquisition or disposal of real property or its right-of-use assets, the original user unit or relevant responsible unit shall prepare a proposal and explanation, and the asset management unit shall choose a method among price comparison, negotiation or bidding with reference to the announced present value, appraised value, actual transaction price of adjacent real property, and recent transaction price of similar assets.

For the acquisition of equipment or its right-of-use assets, the original user unit or relevant responsible unit shall prepare a proposal and explanation, and the asset management unit shall choose a method among price comparison, negotiation or bidding with reference to the recent transaction price of similar assets.

2. Entrusting an expert to issue an appraisal report

When acquiring or disposing of real property or equipment or its right of-use assets, other than a transaction with domestic government agencies, commissioned construction of self-own land, commissioned construction of leased land, or acquisition or disposal of equipment or its right-of-use assets for business purposes, if the

transaction amount reaches 20% of the paid-in capital of the Company or exceeds NT\$300 million, the Company shall obtain the appraisal report issued by a professional appraiser before the date of occurrence and comply with the following:

- (1) When a limited price, specific price or special price must be used as the reference basis for the transaction price due to special reasons, the transaction shall be submitted to the Board of Directors for approval, and the same shall apply in case of subsequent changes in transaction conditions.
- (2) If the transaction amount reaches NT\$1 billion or more, it shall be appraised by two or more professional appraisers.
- (3) In case of any of the following circumstances for the professional appraiser's appraisal report, except that the appraisal results of the assets obtained are higher than the transaction amount, or the appraisal results of the disposed assets are lower than the transaction amount, the certified public accountant shall be requested to express a concrete opinion about the reasons for the difference and the fairness of the transaction price:
 - A. The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
 - B. The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount.
- (4) The date of issuance of the appraisal report by the professional appraiser and the date of establishment of the contract shall not exceed three months. However, if the current value announced in the same period is applicable and less than six months have elapsed, an opinion may be issued by the original professional appraiser.

3. Authorization limits and levels

When acquiring or disposing of real estate or equipment or its right-of-use assets, if the amount of the transaction is less than or equal to NT\$20 million, an internal proposal shall be submitted for approval according to the authorization limits; if the amount exceeds NT\$20 million, the transaction shall not be processed until after being approved by the Board of Directors.

4. Execution unit

The Company's acquisition or disposal of real estate or equipment or its right-of-use assets shall be carried out by the user department and relevant responsible unit.

5. Transaction process

The trading process of the Company's acquisition or disposal of real estate or equipment or its right-of-use assets shall be handled in accordance with the provisions of the Company's internal control system concerning the related operations of real estate or equipment or its right-of-use assets.

Article 10 Transactions with related parties

To acquire or dispose of assets between the Company and its related parties, in addition to the foregoing provisions, the Company shall handle the relevant resolution procedures and evaluate the rationality of trading conditions in accordance with the following provisions. If the transaction amount reaches more than 10% of the total assets of the Company, an appraisal report issued by a professional appraiser or a CPA's opinion shall also be

obtained in accordance with these procedures.

The transaction amount referred to in the preceding paragraph shall be calculated in accordance with Article 11-1. In addition, when judging whether the trading counterparty is a related party, in addition to paying attention to its legal form, the substantive relationship shall also be considered.

1. If the Company acquires or disposes of real property or its right-of-use assets from a related party, or acquires or disposes of assets other than real property or its right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital or 10% of the Company's total assets or NT\$300 million, other than trading domestic government bonds or debts with repurchase or resale conditions, and subscription to or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the Audit Committee, and further submitted to the Board of Directors for resolution before the transaction contract can be signed and the payment can be made:
 - (1) The purpose, necessity and expected benefits of the acquisition or disposal of assets.
 - (2) The reason for selecting the related party as the trading partner.
 - (3) Information related to the evaluation of the reasonableness of the assessment of the scheduled trading conditions in accordance with Paragraph 3, Subparagraphs 2 and 3 of this Article when acquiring real property or its right-of-use assets from related parties.
 - (4) The original acquisition date and price of the related party, the trading counterparty and its relationship with the Company and the related party.
 - (5) The cash income and expenditure forecast statement of each month in the coming year starting from the expected contracting month, and evaluation of the necessity of the transaction and the rationality of the use of funds.
 - (6) An appraisal report issued by a professional appraiser obtained in accordance with Paragraph 1 of this Article, or a CPA's opinion.
 - (7) Restrictions on this transaction and other important agreements.

For the acquisition or disposal of equipment for business purposes between the Company and the parent company or a subsidiary, or between subsidiaries which the Company directly or indirectly holds 100% of the issued shares or capital, the Board of Directors may authorize the Chairman to approve within a specified limit in advance, and then have the approval submitted to the next Board of Directors for ratification:

- (1) Acquisition or disposal of equipment or its right-of-use assets for business purposes.
- (2) Acquisition or disposal of real property right-of-use assets for business purposes.

If the Company has independent directors in place in accordance with the Securities and Exchange Act, full consideration shall be given to the opinions of independent directors. If independent directors have objections or reservations, they shall be stated in the minutes of the board meeting.

If an Audit Committee has been established in accordance with the Securities and Exchange Act, the matters to be discussed by the Audit Committee in accordance with paragraph 1 shall be approved by the majority of all the members of the Audit Committee and submitted to the Board of Directors for resolution, and the provisions of

Article 6, Paragraphs 4 and 5 shall apply mutatis mutandis.

Where the Company or a subsidiary that is not a domestic public company has a transaction referred to in Paragraph 1 and the transaction amount reaches more than 10% of the total assets of the Company, the Company shall submit the information listed in Paragraph 1 to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries, or between its subsidiaries.

The calculation of the transaction amount in Item 1 and the preceding paragraph shall be carried out in accordance with the provisions of Article 15, Paragraph 2, and the said one-year period is based on the date of the transaction, and retrospectively calculated one year backward; the part which has been submitted to the shareholders' meeting and the board of directors for approval and to the Audit Committee for discussion in accordance with the provisions of the procedures is exempt from inclusion.

2. Assessment of the fairness of transaction costs

- (1) When acquiring real property or its right-of-use assets from a related party, the company shall assess the fairness of transaction costs according to the following methods:
 - A. The transaction price of the related party plus the necessary capital interest and the cost that the buyer should bear according to law. The interest cost of necessary funds referred to shall be calculated on the basis of the weighted average interest rate of the loan in the year the company purchases the assets, provided that it shall not be higher than the maximum interest rate of non-financial institutions as announced by the Ministry of Finance.
 - B. The total appraised value of the subject matter by the financial institution if the related party has set up a mortgage loan with the subject matter from a financial institution, provided that the financial institution's actual accumulated loan value for the subject matter shall be more than 70% of the total appraised value, and the loan period shall be more than one year. However, the above is not applicable if the financial institution and one of the parties to the transaction are related parties to each other.
- (2) In the case of joint purchase or joint lease of the land and housing of the same subject matter, the transaction costs may be assessed by either of the methods listed in (1).
- (3) When the Company acquires real property or its right-of-use assets from a related party, it shall evaluate the cost of the real property or its right-of-use assets in accordance with the provisions in (1) and (2) of this article and shall consult the certified public accountant for review and a specific opinion.
- (4) When the Company acquires real property or its right-of-use assets from a related party, it shall be handled in accordance with the provisions in Paragraph 1, Subparagraph 1 of this Article, and the provisions of (1) to (3) shall not apply.

- A. The related party acquired real property or its right-of-use assets by inheritance or gift.
 - B. The time when the related party acquired the real property, or its right-of-use assets is more than five years ago.
 - C. The real property is acquired by signing a joint construction contract with the related party or inviting the related party to build the real property from a local or leased land.
 - D. The right-of-use assets for business purpose is acquired between the Company and its parent Company or subsidiary, or between its subsidiaries in which the Company directly or indirectly holds 100% of their issued shares or total capital.
3. When the Company acquires real property or its right-of-use assets from a related party, if the appraisal result is lower than the transaction price in accordance with the provisions of Paragraphs 1 and 2 of this Article, it shall be handled in accordance with Paragraph 1, Subparagraph 4 of this Article. This restriction does not apply if objective evidence is provided and a specific fairness opinion of a professional real property appraiser or a certified public accountant is obtained due to the following circumstances:
- (1) If the related party acquires plain land or leased land for redevelopment, relevant evidence may be provided to prove that it meets any of the following conditions:
 - A. The plain land is evaluated according to the methods specified in Subparagraph 2, the building price is calculated at the construction cost of the related party plus a reasonable construction profit, and the sum exceeds the actual transaction price. The reasonable construction profit shall be the lower of the average gross operating profit rate of the construction department of the related party in the last three years, or the most recent gross profit rate of the construction industry announced by the Ministry of Finance.
 - B. The transaction cases of other floors of the same subject property or of other non-related parties in the adjacent area within one year have similar areas, and the transaction conditions after evaluation are equivalent according to the reasonable floor or area price difference based on real estate sales or leasing practices.
 - (2) The Company provides evidence that the transaction conditions of the real property purchased from the related party, or the real property right-of-use assets acquired by leasing are similar to those of other non-related party transactions in the adjacent area within one year.

The above-mentioned transaction cases in neighboring areas shall be based on the principle that the transaction objects are on the same street or adjacent streets less than 500 meters away from the subject matter of the transaction, or the announced present values are similar; the above-mentioned similar areas shall be based on the principle that the areas of other non-related parties' transaction cases are not less than 50% of the area of the subject matter of the transaction; the above-mentioned one-year period shall be based on the date of occurrence of the acquisition of the real property or its right-of-use assets, and retrospectively calculated for one year in

the past.

4. If the Company acquires real property or its right-of-use assets from a related party, and the appraised value is lower than the transaction price according to the provisions of Items 2 and 3 of this Paragraph, then the following matters shall be handled:
 - (1) The Company shall, in accordance with the provisions of Article 41, Paragraph 1 of the Securities and Exchange Act, set aside a special reserve for the difference between the transaction price of the real property or its right-of-use assets and the appraised cost. The special reserve shall not be distributed or converted into rights offering. If an investor in the Company which evaluates the investment by the equity method is a public Company, it shall also set aside a special reserve in accordance with the provisions of Article 41, Paragraph 1 of the Securities and Exchange Act in accordance with the proportion of its shareholding.
 - (2) The Audit Committee shall handle the case in accordance with Article 288 of the Company Act. Where an audit committee has been established in accordance with the provisions of this Act, the above shall apply mutatis mutandis to the members of the independent directors of the audit committee.
 - (3) The handling situation in the previous two items shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.

If a special reserve has been set aside in accordance with the aforementioned provisions, the special reserve may be used with the consent of the Financial Supervisory Commission only after a falling price loss has been recognized for the assets purchased or leased at a high price, or such assets have been disposed of, or the lease has been terminated, or appropriate compensation is made, or such assets have been restored to the original state, or there are other evidences confirming that the price is no unreasonable.

5. Where the Company obtains real property or its right-of-use assets from related parties, if there is other evidence showing that the transaction is not in line with business practices, it shall also be handled in accordance with Subparagraph 4 of this Paragraph.

Article 11 Evaluation and procedures for acquisition or disposal of memberships and intangible assets or their right-of-use assets

1. Price determination method and references

When acquiring or disposing of memberships or intangible assets, consideration shall be given to the possible benefits and fair market value of the assets in the future. If necessary, it shall be negotiated with the counterparty with reference to expert opinions.

2. Entrusting an expert to issue an opinion

- (1) For the acquisition or disposal of memberships, if the transaction amount reaches 1% of the Company's paid-in capital or more than NT\$3,000,000, an expert shall be contacted to issue an appraisal report.
- (2) For the acquisition or disposal of intangible assets, if the transaction amount reaches 10% of the Company's paid-in capital or more than NT\$20,000,000, an expert shall be contacted to issue an appraisal report.

- (3) For the acquisition or disposal of memberships and intangible assets, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300,000,000, other than dealing with domestic government agencies, a certified public accountant shall be contacted to express an opinion on the rationality of the transaction price before the date of occurrence of the fact.

3. Authorization limits and levels

- (1) When acquiring or disposing of memberships, if the amount of a single transaction is less than or equal to NT\$3 million, an internal proposal shall be submitted to the President for approval. If the amount exceeds NT\$3 million, the transaction shall not be processed until after being approved by the board meeting.
- (2) When acquiring or disposing of memberships and intangible assets, if the amount of a single transaction is less than or equal to NT\$20 million, an internal proposal shall be submitted to the Chairman for approval before proceeding and shall be reported in the latest Board of Directors. If the amount exceeds NT\$20 million, the transaction shall not be processed until after being approved by the Board of Directors.

4. Execution unit

The Finance Department, the management unit and the relevant responsible unit are the execution unit of the Company's acquisition or disposal of memberships and intangible assets.

5. Transaction process

The trading process of the Company's acquisition or disposal of memberships and intangible assets shall be handled in accordance with the provisions of the Company's internal control system.

Article 11-1 The calculation of the transaction amount referred to in the preceding four paragraphs shall be conducted in accordance with Article 15, Paragraph 2, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction. The part that has been submitted to the board meeting for approval and the Audit Committee's discussion in accordance with these procedures shall not be counted again.

Article 12 Evaluation and procedures for acquisition or disposal of claims of financial institutions

In principle, the Company will not engage in the transaction of acquiring or disposing of the claims of financial institutions. In the future, if it wishes to engage in the transaction of acquiring or disposing of the claims of financial institutions, it shall submit the proposal to the Board of Directors for approval before formulating the relevant evaluation and operating procedures.

Article 13 Evaluation and procedures for acquisition or disposal of derivative products

1. Trading principles and policies

(1) Transaction type

The nature of derivative product trading conducted by the Company is divided into "non-trading" (hedging transactions not for trading purposes) and "trading"

(non-hedging transactions for trading purposes).

At present, the types of derivative products which the Company may trade shall be mainly for avoidance of the risks from exchange rate and interest rate positions arising from the business operation of the Company. If other derivatives need to be traded, the resolution of the board meeting shall be first obtained.

(2) Operation or hedging strategy

The purpose of the Company's derivative trading shall be to avoid risks, and the products shall be selected mainly to avoid the risks arising from the Company's business operation.

The counterparties of the Company's derivatives trading shall, in accordance with the operational needs of the Company, be selected from financial institutions with better conditions to avoid any credit risk.

(3) Division of rights and responsibilities

For the Company's derivative trading, the duties of relevant units are divided as follows:

- A. Purchasing Department: responsible for formulating the operation strategy of commodity futures trading and conducting various transactions according to the authorized authority.
- B. Finance unit: responsible for formulating the operation strategy of derivatives other than commodity futures and conducting various transactions according to the authorized authority.
- C. Accounting unit: responsible for the accounting treatment of derivatives transactions and preparation of accounting statements, regular data summary and other matters.
- D. Audit unit: understanding the appropriateness of internal controls such as responsibility division and operating procedures and conducting the audit on the compliance of trading units with these procedures.

If the Company is engaged in derivative trading for "non-trading" purposes, the following authorized authorities shall be followed:

Level	Amount per contract	Accumulated net position
Board meeting	Over US\$3 million	More than 100% of operating foreign currency revenue in the most recent quarter
After the Chairman's approval, submit to the latest board meeting for ratification	US\$3 million or less	Within 100% (inclusive) of operating foreign currency revenue in the latest quarter
Chairman	US\$2 million or less	Within 50% (inclusive) of operating foreign currency revenue in the latest quarter
President	US\$1 million or less	Within 30% (inclusive) of operating foreign currency revenue in the latest quarter

In principle, the Company does not engage in derivative trading for “trading” purposes. If it intends to engage in derivative trading for “trading” purposes, it shall report to the Board of Directors for approval before formulating relevant evaluation and operating procedures.

(4) Performance evaluation

A. "Non-trading purpose" derivative products: According to the types of trading products, the Finance Department shall use the realized net profit or loss position as the basis for performance evaluation after the market closes on each contract-expiry trading day, and then compare and review regularly the profit or loss performance of the products traded, and report to the Chairman for review.

(5) Total contract amount

“Non-trading purpose” derivatives: not more than 100% of operating foreign currency revenue for the most recent quarter.

“Trading purpose” derivatives: The total contract value of the transaction is limited to not more than 10% of the Company’s net value.

(6) Upper limit of loss

The maximum loss amount for aggregate and individual contracts is 10% of the transaction amount.

2. Risk management measures

(1) Scope of risk management

A. Credit risk management – In principle, the transaction counterparties should be domestic and foreign financial institutions with good credit ratings and able to provide professional information. The financial supervisor shall be responsible

for controlling the transaction quota of the financial institution without excessive concentration and shall adjust the transaction quota of the financial institution constantly according to the changes in the market conditions.

- B. Market risk management - Select markets with quotation information fully disclosed.
 - C. Liquidity risk management - In order to ensure liquidity, the financial institution must have sufficient equipment, information and trading capabilities, and can conduct transactions in any market.
 - D. Cash flow risk management - In order to ensure the stability of the Company's working capital turnover, the Company's source of funds for derivative trading shall be limited to its own funds, and the Company's funding needs based on the cash receipt and payment forecast for the next three months shall be considered for the trading amount.
 - E. Operational risk management - The authorization limits, operation procedures and other regulations set by the Company must be strictly abided by to avoid operational risks.
 - F. Legal risk management - Any documents signed with financial institutions must be reviewed by the Legal Department before they can be formally signed to avoid legal risks.
- (2) The derivative trading personnel shall not work concurrently as the confirmation and settlement personnel at the same time.
 - (3) Risk measurement, supervision and control personnel shall belong to different departments from those in the preceding paragraph and shall report to the Board of Directors or senior executives who are not responsible for transaction or position decision-making.
 - (4) The derivative positions held shall be periodically evaluated in accordance with the provisions of Paragraph 1, Subparagraph (4)1 of this Article.

3. Internal audit system

The Company's internal auditors shall regularly understand the adequacy of the internal control of derivative transactions, audit the transaction department's compliance with the processing procedures for derivative transactions on a monthly basis, and prepare an audit report accordingly. Any major violations found shall be notified in writing to the Audit Committee. If independent directors have been established in accordance with the provisions of the Act, the independent directors shall also be notified in writing.

4. Regular evaluation method and abnormal situation handling

- (1) The derivative positions held shall be evaluated at least once a week, but if the business needs to conduct hedging transactions, it shall be evaluated at least twice a month, and the evaluation report shall be sent to the senior executives authorized by the Board of Directors.
- (2) The Board of Directors shall authorize senior executives to regularly supervise and evaluate whether the currently used risk management measures are appropriate, whether the derivative trading operations are firmly handled in accordance with the regulations, whether the performance of derivative trading complies with the established business strategies, and whether the risks taken are within the acceptable

range of the Company. If any abnormality is found, necessary countermeasures shall be taken, and the board of directors reported to immediately.

5. Supervision and management by the board of directors

- (1) The board of directors shall supervise and manage the Company's derivative trading according to the following principles:
 - A. Designated senior executives shall pay attention to the supervision and control of derivative trading risks at all times.
 - B. Regularly evaluate whether the performance of derivative trading is in line with the established business strategy, and whether the risks assumed are within the acceptable range of the Company.
 - (2) The senior executives authorized by the Board of Directors shall manage derivative transactions in accordance with the following principles:
 - A. Regularly evaluate whether the risk management measures currently in use are appropriate and handle them in accordance with the Financial Supervisory Commission's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these handling procedures.
 - B. Supervise the transaction and profit and loss situation and take necessary countermeasures when any abnormality is found and report to the board of directors immediately. If independent directors have been established, independent directors shall attend the board meeting and express their opinions.
 - (3) If the Company engages in derivative trading and authorizes relevant personnel to handle the transactions in accordance with the provisions of these procedures, it shall report to the most recent Board of Directors afterwards.
6. For derivative transactions, the Company shall establish a reference book and detail in it the information on the type, amount, date of approval of the Board of Directors of the derivative transactions, and the matters that should be carefully evaluated in accordance with Paragraph 1, Subparagraph (4)1, and Paragraph 5, Subparagraphs (1)2 and (2)1 of this Article for future reference.

Article 14 Evaluation and procedures for mergers, demergers, acquisitions, or transfer of shares

1. Price determination method and references

When conducting a merger, demerger, acquisition, or transfer of shares, the Company shall comprehensively consider the past and future financial and business conditions of the participating companies, the expected future benefits and the fair method by which the market determines the transaction price, and negotiate the price with the other parties participating in the merger, demerger, acquisition, or transfer of shares with reference to the professional opinions of certified public accountants, attorneys, or securities underwriters.

2. Entrusting an expert to issue an opinion

For a merger, demerger, acquisition, or transfer of shares, the Company shall, before convening the Board of Directors for resolution, entrust a certified public accountant, attorney or securities underwriter to express the opinion on the rationality of the share exchange ratio, purchase price, or cash or other property allocated to shareholders, and submit them to the Board of Directors for discussion and approval. However, for a

merger of a subsidiary in which the Company directly or indirectly holds 100% of its issued shares or total capital, or a merger between subsidiaries in which the Company directly or indirectly holds 100% of their issued shares or total capital, the fairness opinion from experts may be exempted.

3. Decision level

The Company's resolutions on a merger, demerger, acquisition, or transfer of shares shall be handled in accordance with the provisions of the Company Act and relevant laws and regulations.

4. Submission of relevant information and disclosure of information when a resolution cannot be obtained from the shareholders' meeting

(1) When conducting a merger, demerger, or acquisition, the Company shall prepare a public document to the shareholders prior to the shareholders' meeting on the important contents and relevant matters of the merger, demerger, or acquisition, and deliver it to the shareholders, together with the expert opinion in Paragraph 2 of this Article and the notice of the shareholders' meeting as a reference for whether to agree to the merger, demerger, or acquisition. However, this restriction shall not apply where the convening of a shareholders' meeting may be waived in accordance with other laws and regulations to resolve matters of the merger, demerger, or acquisition.

(2) If the shareholders' meeting of a company participating in the merger, demerger, or acquisition is unable to be convened or resolve, or the proposal is rejected by the shareholders' meeting due to insufficient attendance, insufficient voting rights or other legal restrictions, the company participating in the merger, division or acquisition shall immediately publicly explain the reasons for the circumstances and subsequent handling operations, and the expected date of the shareholders' meeting.

5. Dates of the Board of Directors meeting and shareholders' meeting

(1) For a merger, demerger, or acquisition, unless otherwise provided by laws or with the prior approval of the FSC due to special factors, the Company shall convene the Board of Directors meeting and shareholders' meeting on the same day as the other companies participating in the merger, demerger, or acquisition to resolve matters related to the merger, demerger, or acquisition.

(2) For the transfer of shares, unless otherwise provided by laws or due to special factors which are reported to and approved by the FSC in advance, the Company shall convene the Board of Directors meeting on the same day as the other companies participating in the transfer of shares.

(3) If a company participating in the merger, demerger, acquisition, or transfer of shares is a public company or its shares are traded on the premises of a securities firm, it shall make a complete written record of the following information and keep it for five years for audit:

1. Basic information of personnel: including the title, name and ID card number of all persons involved in the merger, demerger, acquisition, or transfer of shares plan or the implementation of the plan before the disclosure of the information (passport number in case of foreigners).

2. Date of important matters: including the date of the signing the letter of intent or

memorandum, entrusted financial or legal counsel, signing the contract and the board meeting.

3. Important documents and minutes: including the merger, demerger, acquisition, or transfer of shares plan, letter of intent or memorandum, important contracts and minutes of the board meeting.

(4) If a company participating in the merger, demerger, or acquisition, or transfer of shares is a public company or its shares are traded on the premises of a securities firm, it shall, within two days from the date when the resolution of the Board of Directors is passed, report the information in Subparagraphs 1 and 2 of the preceding Paragraph to the FSC in the Internet information system in the prescribed format for recordation.

(5) If a company participating in the merger, demerger, or acquisition, or transfer of shares is not a public company, nor are its shares traded on the premises of a securities firm, the company which is public, or its shares are traded on the premises of a securities firm shall enter into an agreement with it and proceed in accordance with the provisions of the preceding two paragraphs.

6. Confidentiality obligations and avoidance of insider trading

All persons who participate in or know of the merger, demerger, or acquisition, or transfer of shares plan of the Company shall issue a written confidentiality commitment. Before the information is made public, they shall not disclose the contents of the plan, nor shall they buy or sell the shares or other equity securities of all companies related to the merger, demerger, or acquisition, or transfer of shares by themselves or in the names of others.

7. Change principle of share exchange ratio or purchase price

When the Company participates in a merger, demerger, or acquisition, or transfer of shares, the share exchange ratio or purchase price shall not be changed arbitrarily except for the following circumstances, and the conditions for change shall be stipulated in the merger, demerger, or acquisition, or transfer of shares contract:

(1) Issuing rights shares, convertible corporate bonds, bonus shares, corporate bonds with stock options, special shares with stock options, stock option certificates and other securities with equity nature.

(2) Disposal of the Company's major assets and other acts that affect the Company's financial business.

(3) Major disasters, major technological changes and other events that affect the shareholders' rights and interests or the securities price of the Company.

(4) Adjustment due to the repurchase of treasury shares according to law by any of the companies participating in the merger, demerger, or acquisition, or transfer of shares.

(5) Increase or decrease in the number of entities or companies participating in the merger, demerger, or acquisition, or transfer of shares.

(6) Other conditions that are allowed be changed as stipulated in the contract and have

been publicly disclosed.

8. Matters to be specified in the contract

Where the Company participates in a merger, demerger, or acquisition, or transfer of shares, the contract shall specify the rights and obligations of the companies participating in the merger, demerger, or acquisition, or transfer of shares, as well as the following matters:

- (1) Handling of breach of contract.
 - (2) Principles for dealing with securities of equity nature or treasury shares bought back by the company that has been eliminated or divided due to the merger.
 - (3) The number of treasury shares that the participating companies may buy back according to law after the book-close date for calculation of the share exchange ratio, and the handling principles.
 - (4) The treatment method for the increase or decrease of the number of participants or companies.
 - (5) Estimated progress of plan implementation and expected completion date.
 - (6) If the plan is not completed before the deadline, the relevant handling procedures such as the scheduled date of the shareholders' meeting according to law.
9. If any of the companies participating in the merger, demerger, or acquisition, or transfer of shares case plans to participate in another merger, demerger, or acquisition, or transfer of shares with other companies after the information becomes public, except that the number of participants has decreased and the shareholders' meeting has adopted a resolution and authorized the board of directors to change the authority to enable the participating company to be exempted from convening a shareholders' meeting for a new resolution, all the participating companies should redo the procedures or legal acts that have been completed in the original merger, demerger, or acquisition, or transfer of shares case.
10. If a company participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall enter into an agreement with it and proceed in accordance with Paragraph 1, Subparagraphs 5, 6, and 9 of this Article.

Article 15 Announcement and Declaration Procedures:

1. In case of acquisition or disposal of assets under the following circumstances, an announcement and declaration via website designated by the FSC shall be made in accordance with relevant regulations within two days from the date of occurrence according to the nature and in accordance with the prescribed format.
 - (1) Acquire or dispose of real estate or its right-of-use assets from related parties or acquire or dispose of assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million. However, this restriction does not apply to the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.

- (2) Mergers, demergers, acquisitions, or transfer of shares.
 - (3) Derivative trading which reaches the loss limit of all, or individual contract specified in the prescribed handling procedures.
 - (4) Acquisition or disposal of equipment or its right-of-use assets for business use, where the transaction counterparty is not a related party, and the transaction amount meets any of the following provisions:
 - A. A public company with a paid-in capital of less than NT\$10 billion, and the trading amount is more than NT\$500 million.
 - B. A public company with a paid-in capital of more than NT\$10 billion, and the trading amount is more than NT\$1 billion.
 - (5) A public company engaged in construction business acquires or disposes of real property or its right-of-use assets for construction, its trading counterparty is not a related party, and the trading amount is not more than NT\$500 million; the trading amount is more than NT\$1 billion if the paid-in capital is more than NT\$10 billion, the real property constructed and completed by itself is disposed of, and the trading counterparty is not a related party,.
 - (6) The Company obtains real property by means of entrusted construction of its own land, entrusted construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the Company expects to invest less than NT\$500 million in the transaction.
 - (7) Any assets transaction, disposal of claims by a financial institution or investment in mainland China other than those mentioned in the preceding six paragraphs, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more.
 - A. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than the ROC's sovereign rating.
 - B. For those who specialize in investment, trading in securities on the stock exchanges or on the business premises of securities firms, or securities firms subscribing to foreign government bonds or offering and issuing common corporate bonds and general financial bonds (excluding subordinated bonds) that do not involve equity on the primary market, or subscribing to or buying back securities investment trust funds or futures trust funds, or subscribing to or selling back index investment securities; for securities firms, acting as a consultant for emerging stock companies to recommend securities firms to subscribe to securities in accordance with the regulations of the Taipei Exchange due to the needs of the underwriting business.
 - C. Trading of bonds with repurchase or resale conditions, and subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The calculation method of the transaction amount referred to in the preceding paragraph is as follows:
- (1) The amount of each transaction.

- (2) The cumulative number of transactions of acquisition or disposal of subjects of the same nature by the same counterparty within one year.
- (3) The cumulative amount of acquisition or disposal (amount accumulated separately) of real property of the same development plan or its right-of-use assets within one year.
- (4) The cumulative amount of the same securities acquired or disposed of (amount accumulated separately) within one year.

The said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year backward, and the part that has been announced in accordance with the provisions of these procedures is exempt from inclusion.

3. The Company shall, on a monthly basis, enter the information reporting website designated by the FSC before the tenth day of each month the information on the Company and its subsidiaries that are not domestic public offering companies engaged in derivative trading as of the end of the previous month according to the prescribed format.
4. If there are errors or omissions in the announcement of the items that should be announced and should be corrected, the Company shall re-announce and re-declare all the items within two days from the date of knowing.
5. When acquiring or disposing of assets, unless otherwise provided by other laws, the Company shall keep relevant contracts, minutes of proceedings, reference books, appraisal reports, and opinions of certified public accountants, attorneys, or securities underwriters with the Company for at least five years.
6. After the Company announces and declares a transaction in accordance with the regulations, if any of the following circumstances occurs, it shall announce and declare in accordance with the regulations within two days from the date of occurrence:
 - (1) There is any change, termination or cancellation of the relevant contracts signed for the original transaction.
 - (2) The merger, demerger, acquisition, or transfer of shares is not completed according to the schedule of the contract.
 - (3) The content of the original announcement and declaration has changed.
7. Where a subsidiary of the Company is not a domestic public company and its acquisition or disposal of assets meets the standards for announcement and declaration required by this article, the Company shall handle announcement and declaration on its behalf. Regarding the provisions on the amount of paid-in capital or total assets applicable to subsidiaries in the announcement and declaration standards, they shall be based on the amount of paid-in capital or total assets of the Company.

Article 15-1 The 10% of total assets in the provisions of these procedures shall be calculated based on the amount of total assets in the most recent individual or respective financial report as specified in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. If the Company's shares have no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital specified in these

procedures shall be calculated as 10% of the equity attributable to the owner of the parent company; for the provisions of the procedures concerning the transaction amount if the actual paid-in capital reaches NT\$10 billion, the transaction amount shall be calculated based on the equity of NT\$20 billion attributable to the owner of the parent company.

Article 16 Procedures for controlling the acquisition or disposal of assets by subsidiaries

1. The Company shall urge all subsidiaries to formulate and implement the procedures for acquisition or disposal of assets in accordance with the provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of the FSC. After being approved by the Board of Directors, the procedures shall be submitted to the shareholders' meeting of the subsidiary for approval, and the same shall apply to the amendment.
2. Where the acquisition or disposal of assets of each subsidiary is required to be approved by the Board of Directors in accordance with the “Procedures for Acquisition and Disposal of Assets” or other laws and regulations, it shall be reported to the Company before the fact occurs. The Finance Department of the Company shall evaluate the feasibility, necessity and rationality of the acquisition or disposal of assets, track the implementation status afterwards, and conduct an analysis and review.
3. The internal auditors of the Company shall regularly audit the compliance of each subsidiary with its “Procedures for Acquisition and Disposal of Assets” and prepare an audit report. After the findings and suggestions of the audit report are presented, each audited subsidiary shall be notified to make improvement, and a follow-up report shall be made regularly to ensure that appropriate improvement measures have been taken in time.

Article 17 Penalties

If the Company's employees violate the provisions of the FSC's “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” or the Company's “Procedures for Acquisition or Disposal of Assets” when undertaking the acquisition or disposal of assets, the case shall be reported for assessment in accordance with the Company's HR management rules, and penalties shall be imposed according to the severity of the circumstances.

Article 18 Supplement with relevant laws and regulations

Any matters not covered in these procedures shall be handled in accordance with relevant laws and regulations.

Article 19 Implementation

The procedures shall be implemented after being approved by the Audit Committee and the board meeting and submitted to and approved by the shareholders' meeting; the same shall apply when amending.

Article 20 Revision dates

The procedures were approved by the general shareholders' meeting on May 29, 2003.

The first amendment was approved by the general shareholders' meeting on June 13, 2007.



The second revision was approved by the shareholders' meeting on June 25, 2010.

The third revision was approved by the shareholders' meeting on June 24, 2011.

The fourth revision was approved by the shareholders' meeting on June 22, 2012.

The fifth amendment was approved by the shareholders' meeting on June 19, 2014.

The sixth amendment was approved by the shareholders' meeting on June 20, 2017.

The seventh amendment was approved by the shareholders' meeting on June 25, 2019.

The eighth revision was approved by the shareholders' meeting on June 23, 2022.