

SINON CORPORATION

Procedures for the Acquisition or Disposal of Assets

Approved by shareholders' resolution on June 24, 2022

Article 1 Purpose

The procedures are established for the purpose of asset protection and making information publicly disclosure.

Article 2 Legal basis

The procedure is adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies issued by Financial Supervisory Commission R.O.C. (Taiwan).

Article 3 Scope of assets

1. Securities: including investments in stocks, government bonds, corporate bonds, and financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Intangible assets: including patents, copyrights, trademarks, franchise rights, and others 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 laws.
9. Other major assets.

Article 4 Terms are defined as follows

1. Derivative: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts,



long-term leasing contracts, or long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: 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: 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 date 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 date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments 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. Most current financial statement: Refers to the financial statement certified or audited by the CPA in accordance with the applicable laws prior to the acquisition or disposal of the assets.
8. Special value: Refers to the estimated value of a non-marketable real estate.
9. Securities exchange: domestic securities exchange refers to the Taiwan Stock Exchange Corporation; foreign securities exchange refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
10. 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 Limits for the investment in real property for non-business use and right-of-use assets thereof or securities

The limits for the Company and subsidiaries of investment in above assets are as follow:

1. The total amount of investment in real property for non-business use or the right-of-use assets thereof may not exceed 30% of the net value as stated in the most current financial statements.
2. The total amount of investment in securities may not exceed 80% of the net value as stated in the most current financial statements.
3. The total amount of investment in any individual securities may not exceed 40% of the net value as stated in the most current financial statements.

Article 6 Professional appraisers and their officers, CPAs, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and un-appealable 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 is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the above paragraph shall comply with the self-discipline regulations of the associations to which they belong and the following matters:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When executing a case, they shall appropriately plan and execute adequate operating procedures, in order to produce a conclusion and use the conclusion as the basis for issuing a report or opinion. The relevant working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.
3. They shall conduct an item-by-item evaluation of the appropriateness and reasonableness of the sources of data, parameters, and information used, as the

basis for issuance of an appraisal report or opinion.

4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared such a report or opinion, and that they have evaluated and verified that the information used is appropriate and reasonable and that they have complied with applicable laws and regulations.

Article 7 Procedures for acquisition or disposal of real property, equipment, or right-of-use assets thereof

1. Evaluation and operation procedures

Acquisition or disposal procedure of real property, equipment or right-of-use assets thereof shall be subject to the procedure for the Company's internal control system for real property, plant buildings, and equipment.

2. Procedure for determination of terms and conditions of the transaction and the degree of authority delegated

(1) In the event of acquisition or disposal of real property, the Company shall determine the transaction terms and prices as per the publicly announced current value, the assessed value, and the actual transaction price of neighboring real property and submit a report to the Chairman. Where the transaction amount is NTD 30 million or less, it shall be approved level by level according to the approval hierarchy and reported to the soonest Board meeting afterwards; where the amount exceeds NTD 30 million, it shall be additionally approved by the Board of Directors before execution.

(2) The acquisition or disposal of equipment shall be conducted in any of the methods of inquiry, price comparison, negotiation, or bidding. Where the transaction amount is NTD 30 million or less, it shall be approved level by level according to the approval hierarchy. Where the amount exceeds NTD 30 million, it shall be approved by the Board of Directors before execution.

(3) In the event of acquisition or disposal of the right-of-use assets of real property or equipment, the transaction amount shall be handled as per IFRS 16 Leases. Where the transaction amount is NTD 30 million or less, it shall be approved level by level according to the approval hierarchy before execution. Where the amount exceeds NTD 30 million, it shall be additionally approved by the Board of Directors before execution.

3. Implementer

In acquiring or disposing of real property, equipment, or right-of-use assets thereof, the department in use of such property or the management department shall be responsible for the implementation pursuant to the procedure and scope of authorization set forth in the preceding provision.



4. Appraisal report of real property, equipment or right-of-use assets thereof

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (1) Where due to special circumstances, it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3) Where any of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided that the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA's opinion.

Article 8 Procedure for acquisition or disposal of securities

1. Evaluation and operation procedures

Acquisition or disposal procedure of securities shall be subject to the procedure

for the Company's internal control system for investment life cycle.

2. Procedure for determination of terms and conditions of the transaction and the degree of authority delegated.

(1) The investment in short-term securities of domestic bond funds and the repurchase and resale bonds of short-term idle funds purchased from the Over-the-Counter Markets by a security firms shall be submitted for approval by the chairperson of the board.

(2) The financial department shall determine the trading on Stock Exchange Corporation or Over-the-Counter markets based on the marketability. Where the transaction amount of same security is of or less than NTD 30 million, it shall be submitted for approval by the chairperson of the board and subsequently reported to the next board of directors meeting; if the transaction amount is NTD 30 million more, it shall submitted for approval by the meeting of board of directors.

(3) For the purchase and sales of securities which are not trading at Stock Exchange Corporation or Over-the-Counter venue, the most current financial statement of the subject company certified or reviewed by a CPA shall be obtained before the transaction for the purpose of being used as reference for determining the transaction price and its book value per share, profitability, and the potential for future development shall be taken into account. Where the transaction amount of same security is of or less than NTD 30 million, it shall be submitted for approval by the chairperson of the board and subsequently reported to the next board of directors meeting; if the transaction amount is NTD 30 million more, it shall submitted for approval by the meeting of board of directors.

3. Implementer

In acquiring or disposing of securities, the financial department shall be responsible for the implementation pursuant to the procedure and scope of authorization set forth in the preceding provision.

4. Obtaining experts opinions

(1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, for reference in appraising the transaction price, and if the amount of the transaction is 20% of the Company's paid-in capital or NTD 300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities with an active market, or

where otherwise provided by the regulations of the competent authority.

- (2) However, where the assets are acquired or disposed of through court auction procedures, the supporting documents issued by the court may replace the appraisal report or a CPA's opinion.

Article 9 Procedures for transactions with related parties

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised pursuant to Article 7, 8, 10, and 12 herein, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions. The calculation of the transaction amount shall be made in accordance with Article 10-1 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Evaluation and operation procedures

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NTD 300 million or more, except in trading of domestic government bonds or bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, it may not proceed to enter into a transaction contract or make a payment until the following information has been approved by more than half of all members of the Audit Committee and then passed by the Board of Directors.

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for selecting the related party as a transaction counterparty.
- (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding the appraisal of the reasonableness of the preliminary transaction terms in accordance with subparagraph (1) and (4) of paragraph 3 in this Article.
- (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.

- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with paragraph 1 of this article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

As for the acquisition or disposal of real property, equipment, or right-to-use assets thereof for business use between the Company and its subsidiaries, the procedure for determining the authorized amount shall be governed by Paragraph 2 of Article 7.

Where an independent director has been appointed as per the Securities and Exchange Act, when relevant matters are submitted to the Board of Directors pursuant to Subparagraph 2 of this article for discussion, the Board of Directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

Where an Audit Committee has been established in accordance with the Securities and Exchange Act, such matters shall be approved by more than half of all members of the Audit Committee and submitted to the Board of Directors for a resolution in accordance with Paragraph 2 of this article. If it fails to be approved by more than half of all members of the Audit Committee, it may be implemented with the approval of more than two-thirds of all directors and the resolution by the Audit Committee shall be recorded in the minutes of the Board meeting.

Where the Company or its subsidiary that is not a domestic publicly listed company engages in a transaction under Subparagraph 2, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in Subparagraph 2 to the shareholders' meeting for approval before proceeding to enter into a transaction contract or make a payment. However, transactions between the company and its subsidiaries or between its subsidiaries are not subject to this provision.

The transaction amount in the preceding paragraph shall be calculated as per the provisions under Article 14, Subparagraph 2, and the term "within the preceding year" refers to the year preceding the date of the current transaction. The portions that have been submitted to the shareholders' meeting and the Board of Directors and approved by the Audit Committee as per these Procedures need not be counted toward the transaction amount.

3. Evaluation of reasonableness of the transaction costs

- (1) The Company that intends to acquire real property or right-of-use assets thereof from or dispose those property to a related party, or the Company that intends to acquire an assets other than real property or right-of-use assets thereof from or dispose those property to a related party, where the transaction amount is 20% or more of the paid-in capital of the Company, 10% of total assets of the Company, or NTD 300 million or more, shall evaluate the reasonableness of the transaction costs by the following means:
 - A. Based on the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two subparagraphs shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) When the results of the Company's appraisal for the acquisition of real property or right-of-use assets thereof from a related party conducted in accordance with subparagraph (1) and (2) of paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph (5) of paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

- A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
- (A) Where undeveloped land is appraised in accordance with the means in this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (B) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- B. Where the Company acquiring real property, or obtaining real property and right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land mentioned above in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- (5) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with preceding four subparagraphs of this paragraph are uniformly lower than the transaction price, the following steps shall be taken. Where the Company or a public company use the equity method to account for its investment in the Company, then the special reserve set aside under the preceding provisions may not be utilized until it has recognized a loss on decline in market value of



the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.

- A. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Security and Exchange Act against the difference between the price of transacting real property or right-of-use assets thereof and the appraised cost. It may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph 1 of the Security and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
 - B. The audit committee shall comply with Article 218 of the Company Act.
 - C. Actions taken pursuant to A and B of this subparagraph shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (6) The Company that acquires real property or right-of-use assets thereof from a related party shall be compliance with the procedure for evaluation and operation set forth in paragraph 2 of this article if one of the following circumstances exists and the evaluation of reasonableness of the transaction costs regulated in subparagraph (1), (2), and (3) of paragraph 3 in this Article shall not apply.
- A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 - B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
 - C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
 - D. The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.
- (7) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the subparagraph (5) of paragraph 3 in this Article if there is other evidence indicating that the acquisition was not an

arms length transaction.

Article 10 Procedures for acquisition or disposal of intangible assets or right-of-use assets thereof or membership cards

1. Evaluation and operation procedures

Acquisition or disposal procedure of intangible assets, right-of-use asset thereof or memberships shall be subject to the procedure for the Company's internal control system for fixed assets cycle.

2. Procedure for determination of terms and conditions of the transaction and the degree of authority delegated

(1) The acquisition or disposal of memberships shall be made on the basis of fair market value, decided trading term, and price and be compiled in a report for submission to the chairperson of the board. If the transaction amount is of or less than NTD 10 million, it shall be submitted to chairperson of the board for approval and subsequently reported to the next board of directors meeting; if the transaction amount is more than NTD 10 million, it shall be submitted for approval by the board directors meetings.

(2) The acquisition or disposal of intangible assets or right-of-use asset thereof shall be made on the basis of expert evaluation reports, fair market value, decided trading term, and price and be compiled in a report for submission to the chairperson of the board. If the transaction amount is less than NTD 30 million, it shall be submitted to chairperson of the board for approval and subsequently reported to the next board of directors meeting; If the transaction amount is of or more than NTD 30 million, it shall be submitted for approval by the board directors meetings.

3. Implementer

In acquiring or disposing of intangible assets, right-of-use asset thereof or memberships, the department in use of such property or the financial department shall be responsible for the implementation pursuant to the procedure and scope of authorization set forth in the preceding provision.

4. Expert opinion for intangible assets or right-of-use asset thereof or memberships

(1) The Company acquiring or disposing of memberships shall obtain the appraisal report produced by expert if the amount of the transaction reaches NTD 10 million or more.

(2) The Company acquiring or disposing of intangible assets or right-of-use asset thereof shall obtain the appraisal report produced by expert if the amount of the transaction reaches NTD 30 million or more.

(3) Where the Company acquires or disposes of intangible assets or right-of-use

assets thereof or membership cards and the transaction amount reaches 20% or more of its paid-in capital or NTD 300 million or more, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of the occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 10-1 The calculation of transaction amount made in Article 7, 8, 10, and 12 shall be in compliance with Article 14, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. It won't be counted toward the transaction amount when obtaining an appraisal report in accordance with this procedure from a professional appraiser or CPA's opinion.

Article 11 Procedures for acquisition or disposal of claims of financial institutions
The Company, in principle, shall not engage in transaction involving acquisition or disposal of claims of financial institutions. If the Company subsequently intends to engage in transaction involving acquisition or disposal of claims of financial institutions, it shall be submitted for approval by the board of directors and then establish the evaluation and operating procedure.

Article 12 Procedure for acquisition or disposal of derivatives

1. Trading principles and strategies

(1) Trading types

A. Contracts such as forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

B. Trading margin on bonds shall be compliance with the provisions in this procedure, which is inclusive of trading bonds under repurchase agreements.

(2) Operating (hedging) strategies

The Company engages in derivatives trading based on the principle of hedging as a hedge against the risk arising from the receivables and payables or assets and liabilities produced or expected from the Company's business. Before a transaction is carried out, it shall be confirmed as a hedging transaction.

Transactions for other specific purposes shall be carefully evaluated and submitted to the Board of Directors for approval.

(3) Responsibilities

A. Personnel

(A) Financial personnel

- a. Draft strategy for derivatives transactions of whole company and settlement implementation.
- b. The handling personnel shall collect market information, judge the tendency, evaluate risk, and draft operating strategy for trading.
- c. Implement transactions in accordance with the authorization limit and fixed strategy.
- d. Once the fixed strategy is not applicable to the majority variations in financial market, transaction personnel shall prepare evaluation report and revise the strategy for dealing accordance.
- e. Evaluate on a monthly basis and submit the report for approval by the chairperson of the board.

(B) Information technology personnel

- a. Confirm the transaction
- b. Review the transaction to confirm if it is made in accordance with the permission and decided strategy.
- c. Accounting treatment
- d. Report and announce information in accordance with the competent authority's rules.

(C) Audit personnel

The audit personnel shall make a determination of the suitability of internal controls on derivatives and conduct an audit of how faithfully derivatives trading by the trading department adhere to the procedures for engaging in derivatives trading, and analyze the trading cycle. If any material weakness is discovered, it shall be reported to the board of directors.

B. Authorization limits on derivatives

- (A) As for authorization limits on hedging transaction, if the delegated amount of daily transaction is of USD 1 million or less, it shall be approved by the supervisor of financial department. If the amount is more than USD 1 million, it shall be submitted for approval by the chairperson of the board; as for the authorization limits on net accumulative hedging position, if the amount reaches USD 6 million or less, it shall be approved by the supervisor of financial department. If

the amount is more than USD 6 million, it shall be submitted for approval by the chairperson of the board.

(B) As for other specified trading purpose, it shall be submitted for approval by the chairperson of the board.

C. Performance evaluation

(A) Hedging transaction

a. The performance evaluation is made in accordance with the account exchange rate against gain and loss from engaging in derivatives transaction.

b. The Company shall evaluate gain and loss on a monthly basis for fully control and express the evaluation risk of transactions.

c. The financial department shall evaluate the foreign exchange parts, trend of exchange and market analysis to the chairperson of the board as a management reference and indication.

(B) Trading for specified purpose

The performance evaluation is made in accordance with actual gain and loss. The handling personnel shall periodically prepare the report for the management echelon as reference.

D. Setting the total contract amount and the upper limit of loss

(A) Total contract amount

a. Maximum amount of hedge trading

The finance department shall keep abreast of the Company's overall position to avoid transaction risks, and the amount of hedge trading shall not exceed two-thirds of the Company's overall net position. If it exceeds two-thirds, it shall be reported to the Chairman for approval.

b. Transactions for specific purposes

Based on the forecast of market changes, the finance department may formulate strategies as needed and submit them to the Chairman for approval before adopting such strategies. The total contract amount of the Company's net cumulative position in transactions for specific purposes shall not exceed USD 10 million. If it is in excess of the above amount, it shall be approved by the Board of Directors and can only be carried out in accordance with policy instructions.

(B) Setting the upper limit of loss

a. The maximum aggregate loss or loss on individual contracts of hedge trading is 30% of the aggregate or individual contract amount.

- b. The maximum loss on each transaction for specific purposes shall not exceed 10% of the contract amount. This applies to individual contracts and all contracts. If the loss exceeds 10% of the transaction amount, it shall be reported to the Chairman immediately, and necessary countermeasures shall be discussed and reported to the soonest Board meeting
- c. The loss amount of individual contract shall not exceed 5% of the transaction amount.
- d. The maximum annual loss shall not exceed 10% of the transaction amount while transacting for specified purpose.

2. Risk management measures

(1) Credit risk management:

Transaction counterparties are mainly banks with business dealings with the Company or well-known international financial institutions abroad, which can provide professional information.

(2) Market risk management:

The Company shall control the risk of changes in market prices of derivatives due to changes in interest rates, exchange rates, or other factors at any time.

(3) Liquidity risk management:

To ensure market liquidity, the counterparties shall have adequate equipment, information, and trading capabilities and be able to trade in any market.

(4) Cash flow risk management

The Company shall maintain sufficient liquid assets and financing facilities to meet the demand for funds for settlement.

(5) Operation risk management

- A. It shall comply with the authorization limits, operation procedure, and include in internal audit for avoiding operation risk.
- B. Personnel engaged in derivatives trading shall not serve concurrently in other operations such as confirmation and settlement.
- C. The personnel of risk, monitoring, and controlling management and the personnel mentioned in preceding subparagraph shall be assigned to different departments. It shall be reported to the board of directors or the senior management supervisor who is not responsible for trading or position decision-making.
- D. Positions hold for derivatives shall be evaluated at least once a week; however, it shall be made at least twice a week while the hedging transaction is deal with according to requirements of business. The evaluation report shall be submitted to the senior management supervisor

who is authorized by the board of directors.

(6) Commodity risk management

The internal personnel engaged in transaction shall have completely and correct professional knowledge, and shall ask for banks to fully disclose risk to avoid any risk resulting from misusing financial commodities.

(7) Legal risk management: Any documents made and signed between the financial institutions shall be reviewed by the professional personnel of foreign exchange, legal specialists, and legal consultants to avoid any legal risk.

3. Internal audit

(1) The internal auditor is required to evaluate the suitability of the internal control system in connection derivatives transaction on a regular basis, to conduct auditing on how well the financial department follows the policy, and to produce report with trading cycle analysis on monthly basis. Where there is any violation found, a written report is needed to notify the audit committee.

(2) The internal auditor shall report the internal audition and the annual implementation conditions according the provision of the competent authority before end of February in the following year, and also report the improvement conditions of abnormal matters before end of May in the following year to the competent authority for future reference.

4. Audit and management principles followed by board of directors while transacting derivatives

(1) The board of directors shall indicate senior management supervisors to pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the following principles:

A. Periodically evaluate if the risk management measures currently used is appropriate and ensure it is made according to this rules and the procedure for engaging in derivatives trading formulated by the Company.

B. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

(3) The Company shall report to the next board of directors after authorizing the relevant personnel to deal with derivatives trading in accordance with the procedure for engaging in derivatives trading.

- (4) The log book shall be prepared while trading derivatives, which the trading types, trading amount, approved dated by board of directors, and items that shall be carefully evaluated pursuant to subparagraph (5) of paragraph 2 and subparagraph (1) and (2) of paragraph 4 in this Article shall be recorded in it.

Article 13 Procedure for merger, demerger, acquisition, or transfer of shares

1. Evaluation and operation procedure

- (1) The Company that conducts a merger, demerger, acquisition, or transfer of shares shall engage a CPA, attorney, or securities underwriter to discuss and stipulate a timetable and shall organize a special project team for execution thereof. Prior to convening the board of directors, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 % of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

- (2) Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in subparagraph (1) of paragraph 1 of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2. Other important matters



- (1) Date of board meeting: the Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent. Company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.
- (2) Full written record: when participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:
 - A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - B. Dates of material events: including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
 - C. Important documents and minutes: including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
 - D. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report the information set out in Item 1 and 2 of this subparagraph to the competent authority for recordation. Where a company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an over-the-counter market, the Company shall sign an agreement with such company and whereby the latter is required to abide by the provisions of the this subparagraph.
- (3) Non-disclosure: every person participating in or knowing the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public



disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

- (4) Establishment or Amendment of share swap ratio or purchase price: when participating a merger, demerger, acquisition, or transfer of shares, the Company shall engage certified public account, attorney or securities underwriter to state opinions on reasonableness of the share swap ratio, purchase price or case dividend prior to convening the meeting of the board for submission to the general meeting. The Company may not arbitrarily alter the share swap ration or purchase price unless the following circumstances permitting alteration are stipulated in the contract for the merger, demerger, acquisition, or transfer of shares and publicly disclosed:
- A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - B. An action, such as a disposal of major assets, affects the Company's financial operations.
 - C. An event, such as a major disaster or major change in technology, affects shareholder equity or share price.
 - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - F. Other terms or conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (5) Contract content: a contract of merger, demerger, acquisition, or transfer of share shall state the following items in addition to the matters required under Article 317-1 of the Company Act and Article 22 of the Taiwan's Enterprise Merger and Acquisition Law.
- A. Dealing with breach of contract.
 - B. Principles for dealing with equity-type securities previously issued or treasury stock previous bought back by the Company that has been extinguished in a merger or that is demerged.
 - C. The amount of treasury stock that the participating company are permitted under the laws to repurchase after the record date of calculation of the

share exchange ratio, and the principles for handling thereof.

D. Manners of handling changes in the number of participating entities or companies.

E. Preliminary progress schedule for plan execution, and anticipated completion date.

F. Scheduled date for convening the general shareholder meeting pursuant to the laws if the plan exceeds the deadline without completion, and relevant procedures.

(6) Changes in the number entities that participate in merger, demerger, acquisition or transfer shares: a company that participate in merger, demerger, acquisition, or transfer of shares and after the public disclosure of the information, if the Company intends further to carry out another merger, demerger, acquisition, or share transfer with another company, the Company shall carry out anew the procedures or legal actions that had originally been completed for the former merger, demerger, acquisition, or transfer of shares. In addition that where the number of participating companies is decreased and the general shareholder meeting has adopted a resolution authorizing the board of directors to change the authorization limits, the Company may be exempted from calling another general shareholder meeting to resolve the matter anew.

(7) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall assign an agreement with such company whereby the latter is required to abide by provisions of subparagraph (1)-date of board meeting, (2)-non-disclosure commitment, and (5)-changes in the number entities that participate in merger, demerger, acquisition or transfer shares of paragraph 2 of this Article.

Article 14 Information disclosure procedures

1. The items shall be publically disclosed and the specified standards

(1) The transaction amount of the Company acquiring or disposing of real property or right-of-use assets thereof from or to a related party, or acquiring or disposing of assets other than real property or right-of-use assets thereof from or to a related party reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NTD 300 million or more, which is inclusive of the trade of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(2) Mergers, demergers, acquisitions, or transfer of shares.

- (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
 - (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - A. For a public company whose paid-in capital is less than NTD 10 billion, the transaction amount reaches NTD 500 million or more.
 - B. For a public company whose paid-in capital is NTD 10 billion or more, the transaction amount reaches NTD 1 billion or more.
 - (5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NTD 500 million.
 - (6) For an asset transaction other than any of those referred to in the preceding five Subparagraphs, including a disposal of receivables by a financial institution or an investment in the mainland China area, the amount of the transaction reaches 20% or more of Company's paid-in capital or NTD 300 million or more. However, this shall not apply to the following circumstances:
 - A. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than our country's sovereign rating.
 - B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises
2. The transaction amount shall be calculated as follows. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
- (A) The amount of any individual transaction.
 - (B) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - (C) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.

(D) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

3. Time for public announcement and regulatory filing

In acquiring or disposing of assets, if one of the public announcement and regulatory filing has been met, a public report shall be established within 2 days from the day of occurrence of the event.

4. Procedure for public announcement

(1) The Company shall submit the relevant information to the information reporting website designated by the competent authority.

(2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10th day of each month.

(3) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days counting inclusively from the date of knowing of such error or omission.

(4) Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

(5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the provisions, a public report of relevant information shall be made on the information reporting website designated by the competent authority within 2 days counting inclusively from the date of occurrence of the event:

A. Change, termination, or rescission of a contract signed in regard to the original transaction.

B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

C. Change to the originally publicly announced and reported information.

Article 15 Subsidiaries of the Company shall comply with the following provisions:

1. The Company shall urge its subsidiaries to formulate the asset acquisition and disposal procedures and implement them after a resolution is adopted by their

Board of Directors and shareholders' meetings; the same shall apply to any amendments thereto. The Company's subsidiaries acquiring or disposing of assets shall regularly provide relevant information to the Company for verification.

2. Where a subsidiary of the Company is not a domestic publicly listed company and the assets it acquired or disposed of meet the standards for announcement and declaration under Article 14 of these Procedures, the Company shall make an announcement on its behalf. The same shall apply to any amendment thereto.
3. The announcement and declaration standards applicable to subsidiaries regarding the criteria of 20% of the paid-in capital or 10% of total assets under these Procedures shall be subject to the parent company's (Company's) amount of paid-in capital or total assets.

Article 16 Sanctions

Violation of the Procedures by employees of the Company in the acquisition or disposal of assets shall be sanctioned in accordance with Chapter 12 of the Company's Human Resource Management Rules based on the seriousness of the offense.

Article 17 Implementation and amendment

Where the "Procedures for the Acquisition or Disposal of Assets" are adopted or amended, they shall be approved by more than half of all audit committee members, submitted to the board of directors for a resolution and submitted to a shareholders' meeting for approval. If a director states his objection in record or in written form, the Company shall submit such information to the audit committee of the Company and report to the shareholders' meeting for discussion. It shall also apply when amending the Procedures.

If approval of more than half of all audit committee members as required above is not obtained, the procedure may be implemented if approved by more than two-thirds of all directors, the resolution shall be recorded in the minutes of the board of directors meeting.

Where the position of independent director has been created in the Company, when submitting for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 18 Supplementary provision

The calculation of 10% of total assets under the Procedure shall be made based on the total assets stated in the most current financial report of each entity or in individual financial report, which are prepared under the Regulations Governing the Preparation

of Financial Reports by Securities Issuers.

Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.