

Young Fast Optoelectronics Co., Ltd.

Procedures for the Acquisition or Disposal of Assets

Article1: Purpose

These Procedures have been specially drawn up in order to protect assets and implement information disclosures.

Article2: Legal basis

The Company has established these Procedures 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 " as promulgated by the Financial Supervisory Commission of the Executive Yuan.

Article3: The term "assets" as used in these Procedures includes the following:

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article4: Terms used in these Procedures are defined as follows:

- I. Derivatives: 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.
- II. 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.
- III. Related party or subsidiary: As defined in the Regulations Governing the

Preparation of Financial Reports by Securities Issuers.

- IV. 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.
- V. 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.
- VI. 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.
 - (I) "Within the preceding year" refers to the year preceding the date of acquisition or disposal of assets. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
 - (II) "Most recent financial statements" refers to financial statements that the Company has made publicly available and that have been audited, certified, or reviewed by an accountant before the acquisition or disposal of assets.

Article5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the 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.
- II. May not be a related party or de facto related party of any party to the transaction.
- III. 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.

Article6: The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations or other Regulations. After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

When the procedures for the acquisition and disposal of assets are submitted

for discussion by the board of directors pursuant to the preceding paragraph, 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.

When the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 7: Regarding limits on investment in real property and right-of-use assets thereof not for business use and on marketable securities

The respective limits for the Company and its subsidiaries in acquiring the aforementioned assets are determined as follows:

- I. The limits on acquiring real property and right-of-use assets thereof not for business use are as follows:
 - (I) The total carrying amount of real property and right-of-use assets thereof not for business use acquired by the Company shall not exceed 50% of the Company's net value.
 - (II) The total carrying amount of real property and right-of-use assets thereof not for business use acquired by a subsidiary of the Company shall not exceed 100% of the net value of each such subsidiary.
- II. Limits on the acquisition of securities are as follows:
 - (I) When the Company acquires securities in which the Group's companies comprehensively holds more than 50% of equity:
 1. The amount of individual marketable securities shall not exceed 80% of the net value of the Company's most recent financial statements.
 2. The aggregate amount of securities acquired shall not exceed 160% of the net value of the Company's most recent financial statements.
 - (II) When the Company acquires securities not specified in item (I):
 1. The amount of individual marketable securities shall not exceed 30% of the net value of the Company's most recent financial statements.
 2. The aggregate amount of securities acquired shall not exceed 80% of the net value of the Company's most recent financial statements.
 - (III) The amount of individual marketable securities acquired by subsidiaries of the Company shall not exceed 150% of the net value of the most recent financial statements of each such subsidiary.
 - (IV) The aggregate amount of securities acquired by subsidiaries of the Company shall not exceed 200% of the net value of the most recent financial statements of each such subsidiary.
 - (V) When the Company undertakes a reorganization of the organizational structure of the Group via the Board of Directors, each affected

subsidiary shall not be subject to the aforementioned limitations under (III) and (IV) during the course of said process when acquiring securities.

Article8: Procedures for acquiring or disposing of real property, equipment, or right-of-use assets

I. Appraisal and operating procedures

The Company's acquisition or disposal of property, plant and equipment or right-of-use assets thereof shall be handled in accordance with the property, plant and equipment cycle procedures of the Company's internal control system.

II. Determination procedures of transaction term and the degree of authority delegated transaction process

(I) In acquiring or disposing of real property or right-of-use assets thereof, reference shall be made to the announced present value, assessed value, the actual transaction prices of adjacent real estate, etc., to determine transaction conditions and the transaction price; and an analysis report shall be prepared and submitted to the Chairperson. If the amount is less than NT\$20,000,000, it shall be submitted to the Chairperson for approval and afterward reported in the next upcoming meeting of the Board of Directors; for amounts exceeding NT\$20,000,000, approval of the Board of Directors shall be additionally obtained.

(II) In acquiring or disposing of equipment or right-of-use assets thereof, selection shall be made by means of inquiry, price comparison, negotiation, or bidding. If the amount is less than NT\$10,000,000 (inclusive), progressive approval shall be obtained using authorized procedures. For cases exceeding NT\$10,000,000, these may only be initiated after submission to the President and Chairperson for approval and to the Board of Directors for approval.

III. The units responsible for implementation

When the Company acquires or disposes of property, plant and equipment or right-of-use assets thereof, the utilizing department and management department shall be responsible for implementation following the submission for approval to the approval authority as stipulated in the preceding paragraphs.

IV. The appraisal report of real property, equipment, or right-of-use assets

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$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:

(I) 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.

- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) Where any one 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 certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (IV) 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, where 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.
 - 1. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 15, paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
 - 2. 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 opinion.

Article 9: Procedures for acquiring or disposing of securities

- I. The means of price determination and supporting reference materials
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, certified or reviewed by a certified public accountant, for reference in appraising the transaction price:
 - (I) The acquisition or disposal of securities traded on a centralized exchange or in the business office of a securities firm shall be determined according to the prevailing market prices.
 - (II) For the acquisition or disposal of securities not traded on a centralized exchange or in the business office of a securities firm, reference shall be made to the most recent financial statements of the target company that have been audited, certified, or reviewed by an accountant in evaluating the transaction price before the date of fact; and consideration shall be made of its net value per share, profitability, future development potential, market interest rates, bond coupon rates, creditworthiness, and negotiations with reference to the current transaction price.

II. Appointment of experts to issue opinions

- (I) If the dollar amount of the transaction for acquiring or disposing of securities is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant 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 that have an active market or
1. Securities are acquired via cash investment in the initiation of establishment or solicitation of establishment in accordance with the law, and the rights obtained by the acquisition of the securities are equivalent to the proportion of shipments.
 2. Participation in the subscription of securities issued by the target company in accordance with relevant laws and regulations for cash capital increase and issued at par.
 3. Participation in the subscription of direct or indirect 100% investment companies to handle cash capital increase and issue securities, or 100%-owned subsidiaries participate in mutual subscription of cash capital increase and issuance of marketable securities.
 4. Listed, over-the-counter and emerging securities traded on stock exchanges or the business offices of securities firms.
 5. Constitutes a domestic government bond or bond under repurchase and resale agreements.
 6. Public offering of fund.
 7. Acquisition or disposal of listed (over-the-counter) company stocks in accordance with the listed (over-the-counter) securities bidding regulations or auction regulations of the Taiwan Stock Exchange Corporation or the Taipei Exchange.
 8. Participation in domestic public offering companies with cash capital increase subscription or domestic subscription of corporate bonds (including financial bonds), and the acquired securities are not private placement securities.
 9. For those subscribing for domestic private equity funds before the establishment of the fund in accordance with Article 11, Paragraph 1 of the Securities Investment Trust and Consulting Act, for or domestic private equity funds purchased or repurchased, the investment strategy stated in the trust deed is the same as the investment scope of the public fund except for securities credit transactions and unwritten securities-related commodity positions held.
or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- (II) The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 15, paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

(III) 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 opinion.

III. Authorization amounts and levels

(I) For the acquisition or disposal of securities traded on a centralized exchange or in the business office of a securities firm, if the transaction amount is less than NT\$10,000,000 (inclusive), it shall be approved by the President; if the transaction amount ranges from more than NT\$10,000,000 to NT\$20,000,000 (inclusive), it shall be submitted to the Chairperson for approval; if the transaction amount exceeds NT\$20 million, it shall be approved by the Board of Directors.

(II) For the acquisition or disposal of securities not traded on a centralized exchange or in the business office of a securities firm, approval shall be granted by the Board of Directors. However, the Board of Directors may authorize the Chairperson to make an internal decision for amounts within NT\$20,000,000 and then report to the Board of Directors for ratification.

IV. The units responsible for implementation

The Company's acquisition and disposal of securities investments is carried out by the Department of Finance.

V. Transaction process

Regarding the transaction process of the Company's acquisition or disposal of securities, all shall be handled in accordance with the provisions of the Company's internal control system for investment cycle-related operations.

Article 10: Related Party Transactions

I. When the Company engages in acquisition or disposal of assets from a related party, except in accordance with the procedures given in Articles 8, 9 and 11, and in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent 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 regulations. Also, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 15, paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

II. Appraisal and operating 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 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading 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, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a transaction counterparty.
- (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
- (IV) 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.
- (V) 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.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

III. If the company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the company's total assets, the company shall submit the materials in all the subparagraphs of paragraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the company and its parent company or subsidiaries or between its subsidiaries.

IV. The calculation of the transaction amounts referred to in paragraph 2 and the preceding paragraph shall be made in accordance with Article 15, paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.

V. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, 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.

When the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution, and shall apply mutatis mutandis to the Article 6 paragraph 4 and paragraph 5.

VI. Assessment of reasonableness of transaction costs

- (I) The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 1. Based upon 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.
 2. 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 percent 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.
- (II) 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.
- (III) 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 paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.
- (IV) Where the company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the paragraph 1 to paragraph 3, and the paragraph 4 (I)~(IV) do not apply:
 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 2. 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.
 3. 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.
- (V) When the results of the company's appraisal conducted in

accordance with paragraph 4 (I) and (II) are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 4 (VI). 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:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

(1) Where undeveloped land is appraised in accordance with the means in the preceding 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.

(2) 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.

(3) Transactions by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are estimated to be equivalent after calculation of reasonable price discrepancies in floor price in accordance with standard leasing practices.

2. Where a public company acquiring real property, or obtaining real property 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 in the preceding paragraph 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 percent 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.

(VI) 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 the paragraph 4 (I)~(V) are uniformly lower than the transaction price, the following steps shall be taken. In addition, if the Company and public companies that use the equity method to evaluate the Company's investments have set aside special reserves in accordance with the aforementioned provisions, they may not utilize the special reserve 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 there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its approval.

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and 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 another company, then the special reserve called for under Article 41, paragraph of the Securities 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.
2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.
3. Actions taken pursuant to the paragraph 4 (VI) 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

(VII) When the company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the paragraph 4 (VI), if there is other evidence indicating that the acquisition was not an arms length transaction.

(VIII) Among companies in the Group where the Company holds more than 50% of total shares, when acquiring or disposing of machinery and equipment for business use or right-to-use assets thereof and real property right-to-use assets for business use, the amount shall be submitted to the Chairperson for approval within an equivalent limit of NT\$100 million.

Article 11: Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships

I. Appraisal and operating procedures

The Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be handled in accordance with the fixed asset cycle procedures of the Company's internal control system.

II. Determination procedures of transaction term and the degree of authority delegated transaction process

- (I) In acquiring or disposing of right-of-use assets or memberships, reference shall be made to fair market prices to determine transaction conditions and the transaction price; and an analysis report shall be prepared and submitted to the President and Chairman. If the amount is less than 1% of paid-in capital or less than NT\$3,000,000, it shall be submitted to the President and the Chairperson for approval and afterward reported in the next upcoming meeting of the Board of Directors; for amounts exceeding NT\$3,000,000, approval of the Board of Directors shall be additionally obtained.
- (II) In acquiring or disposing of intangible assets, reference shall be made to expert evaluation reports or to fair market prices to determine transaction conditions and the transaction price; and an analysis report shall be prepared and submitted to the Chairperson. If the amount is less than 10% of paid-in capital or less than NT\$20,000,000, it shall be submitted to the Chairperson for approval and afterward reported in the next upcoming meeting of the Board of Directors; for amounts exceeding NT\$20,000,000, approval of the Board of Directors shall be additionally obtained.
- (III) The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations or other Regulations. After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, 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.

When the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution, and shall apply mutatis mutandis to the Article 6 paragraph 4 and paragraph 5.

III. The units responsible for implementation

When the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships, the utilizing department and Department of Finance or Administration Department shall be responsible for implementation following the submission for approval to the approval authority as stipulated in the preceding paragraphs.

IV. The appraisal report from a professional appraiser of intangible assets

or right-of-use assets thereof or memberships

- (I) In acquiring or disposing of right-of-use assets or memberships thereof where the transaction amount reaches 1 percent of the company's paid-in capital or NT\$3 million or more, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser.
- (II) In acquiring or disposing of intangible assets or right-of-use assets thereof where the transaction amount reaches 10 percent of the company's paid-in capital or NT\$20 million or more, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser.
- (III) Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
- (IV) The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 15, paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
- (V) 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 opinion.

Article 12: Procedures for acquiring or disposing of claims of financial institutions

In principle, the Company does not engage in transactions to acquire or dispose of claims of financial institutions. If it intends to engage in transactions to acquire or dispose of claims of financial institutions in the future, it will report to the Board of Directors for approval before formulating its evaluation and operating procedures.

Article 13: Procedures for Engaging in Derivatives Trading

I. Trading principles and strategies

(I) The types of derivatives

1. The company engaging in derivatives trading refer to 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. Matters related to bond margin trading shall be handled in accordance with the relevant provisions of these Procedures. The provisions of these Procedures may not apply to bond transactions having repurchase conditions.

(II) Operating or hedging strategies

The Company engages in derivative transactions for hedging purposes. Trading commodities shall be selected to avoid the risk arising from the Company's business operations or from special purpose transactions, and currencies held shall align with the Company's actual foreign currency needs. This is based on the principle of self-balancing among the overall Company's internal components (referring to foreign currency income and expenses) in order to reduce the foreign exchange risk of the Company as a whole and save foreign exchange operating costs. Non-hedging transactions shall be carefully evaluated and submitted to the Board of Directors for approval.

(III) segregation of duties

1. Department of Finance

(1) Trader

After collecting market information, conducting analysis, and undertaking evaluation and risk assessment, an operating strategy will be formulated that is to be used as a basis for engaging in transactions after being approved by the responsible supervisor.

(2) Validating personnel

Check whether transactions are conducted according to authorized scope of authority and established policies and conduct transaction confirmations.

(3) Delivery personnel

Responsible for account opening and delivery tasks before trading.

2. Department of Account

(1) Accountant

A. Create and record accounting subpoenas in accordance with the transaction list of the financial unit transaction personnel and the Bulletin of Accounting Principles and Standards. (The presence of special commodities requires consultation with a CPA.)

B. At the end of period settlement of profit and loss (monthly, quarterly, semi-annual, or annual), items under the same subject (such as exchange profits and losses) shall separately list the respective profits and losses of the hedged target and the hedged transaction, as well as the total net profit and loss, and the profit and loss of the non-hedged transaction shall be listed separately.

C. The disclosure of derivative transactions in financial reports (quarterly, semi-annual, or annual) shall comply with the relevant accounting standards and financial reporting standards issued by the Financial Supervisory

Commission followed by these Procedures.

D. Reports and announcements are to be made in accordance with the regulations of the Financial Supervisory Commission of the Executive Yuan.

- (2) Delivery personnel: performance of delivery tasks.
3. Derivative verification authority
 - (1) Approval authority for hedging transactions: All derivative transactions shall be approved by the Chairperson.
 - (2) Non-hedging transactions may only be undertaken after submission to the Board of Directors for approval.
4. Department of Audit
Responsible for understanding the adequacy of internal controls for derivatives trading, checking the trading department's compliance with the operating procedures, analyzing the trading cycle, making audit reports, and reporting to the Board of Directors when there are major deficiencies.
5. Performance evaluation
 - (1) Hedge trades
 - A. Performance evaluation is based on the exchange rate costs on the Company's books and on the gains and losses arising from engaging in derivative transactions.
 - B. In order to fully grasp and express transaction valuation risks, the Company adopts a monthly valuation method to evaluate profits and losses.
 - C. The Department of Finance shall provide the President with foreign exchange position evaluation, foreign exchange market trends, and market analysis for the sake of management reference and instruction.
 - (2) Non-hedge trades
Performance evaluation is to be based on actual profits and losses, and accountants shall regularly prepare reports for the management level.
6. Total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts
 - (1) Total amount of derivatives contracts
 - A. Quota of hedge trades
For the total amount of the Company's overall hedging contracts at any point in time, the cumulative total outstanding contract balance shall not exceed 50% of the Company's current net value.
 - B. Quota of non-hedge trades
Based on forecast changes in the market, the Department of Finance may formulate strategies as needed and submit them to the President and the Chairperson for approval before proceeding. The total contractual amount of the Company's net accumulated position in special purpose transactions of the Company is limited to US\$10 million. Exceeding the above amount shall be approved by the Board of Directors and can only be done in accordance with policy instructions.

(2) The maximum loss limit

- A. The maximum contract loss limit for hedging transactions shall not exceed 10% of the contract amount, applicable to individual contracts and contracts overall.
- B. If it is a non-hedging trading contract, then after the position is established a stop loss point shall be set to prevent excess losses. The setting of the stop loss point shall not exceed 10% of the transaction contract amount as the upper limit.
- C. If drastic short-term changes in the financial environment make it impossible to execute the stop-loss operation and the loss amount exceeds the upper limit specified above, the President and the Chairman shall be immediately informed to facilitate necessary countermeasures, and a relevant review report shall be submitted to the next Board of Directors meeting.

II. Risk management measures

(I) The scope of Risk Management

1. Credit risk - Transaction counterparties shall be domestic and foreign financial institutions having good credit and that can provide professional information as a principle. The finance supervisor shall be responsible for controlling transaction limits of financial institutions, and they shall not be excessively concentrated. In accordance with changes in market conditions, the transaction limits of financial institutions can be adjusted at any time.
2. Market risk - Choose markets where quotation information can be fully disclosed.
3. Liquidity risk - To ensure liquidity, trading financial institutions shall have sufficient equipment, information and trading capabilities, and be able to trade in any market.
4. Cash flow risk - In order to ensure the stability of the Company's working capital turnover, the Company's funds for derivatives trading shall consider the source of funds for future performance.
5. Operational risk - The authorization limits, operating procedures and other regulations set by the Company shall be strictly followed to avoid operational risks.
6. Legal risk - Any documents and contracts signed with financial institutions shall be reviewed by legal personnel in advance, and the senior executives who authorize the contract shall make final recommendations before they can be formally signed to avoid legal risks.

(II) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

(III) Risk measurement, monitoring, and control personnel shall be in department of Account and assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

- (IV) Positions held by the derivatives exchange shall be periodically evaluated in accordance with the provisions of Paragraph 4, Subparagraph 2 of this Article.

III. Internal audit system

Internal auditors shall regularly understand the appropriateness of the internal controls for derivatives transactions. Furthermore, they shall audit the transaction department's compliance with the Procedures for engaging in derivative transactions on a monthly basis, and prepare an audit report. If any major violation is found, the supervisor shall be notified in writing and independent directors shall be notified in writing.

If the Company has established an audit committee in accordance with the provisions of this Act, provisions for supervisors in the preceding paragraph shall apply mutatis mutandis to the audit committee.

IV. Regular evaluation methods and the handling of irregular circumstances.

- (I) The Board of Directors shall authorize senior executives to regularly supervise and evaluate whether derivative transactions are conducted in accordance with the transaction procedures set forth by the Company, and whether the risks borne are within the allowable scope. When there is an abnormal situation in the market price assessment report (e.g., the position held has exceeded the loss limit), such shall be immediately reported to the Board of Directors and appropriate measures taken.

- (II) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

V. Board of directors shall faithfully supervise and manage when Engaging in derivatives trading

- (I) Where the company engaging in derivatives trading, board of directors shall faithfully supervise and manage such trading in accordance with the following principles

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
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.

- (II) Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " as promulgated by the Financial Supervisory Commission of the Executive Yuan and the procedures for engaging in derivatives trading formulated by the company.
2. 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.

(III) A company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

VI. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 2 of paragraph 4, subparagraph 1 (2) and 2 (1) of paragraph 5, shall be recorded in detail in the log book.

Article 14: Procedures for Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

I. Decision method and reference basis for transaction consideration

When the Company conducts a merger, demerger, acquisition, or share transfer, it shall comprehensively consider the past and future financial and business conditions of the participating companies, the expected future benefits, and the fair manner in which the market determines the transaction price. Furthermore, it shall consult the professional opinions of accountants, lawyers, or securities underwriters, and negotiate the price with the counterparty participating in the merger, demerger, acquisition, or share transfer.

II. Appointment of experts to issue opinions

The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, 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 a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

III. Decision hierarchy

When the Company handles mergers, demergers, acquisitions, or share transfers, its resolutions shall be handled in accordance with the provisions of the Company Act and relevant laws and regulations.

IV. Submission of relevant information and disclosure of information when it cannot be approved by the Shareholders' Meeting

(I) A public 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 paragraph 1 of the preceding 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.

- (II) 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.
- V. Date of convene a board of directors meeting and shareholders meeting
- (I) 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 FSC is notified in advance of extraordinary circumstances and grants consent.
 - (II) The 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 FSC is notified in advance of extraordinary circumstances and grants consent.
 - (III) 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:
 1. 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.
 2. 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.
 3. 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.
 - (IV) 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 (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

VI. Confidentiality obligations and prevention of insider trading

Every person participating in or privy to 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.

VII. Principles for changes in share exchange ratio or purchase price

The company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- (I) 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.
- (II) An action, such as a disposal of major assets, that affects the company's financial operations.
- (III) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- (IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- (VI) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

VIII. Matters to be stipulated in contracts

The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- (I) Handling of breach of contract.
- (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- (III) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- (IV) The manner of handling changes in the number of participating entities or companies.
- (V) Preliminary progress schedule for plan execution, and anticipated

completion date.

(VI) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

- IX. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- X. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of the paragraph 5, paragraph 6 and paragraph 9.

Article 15: Procedures for public disclosure of information

- I. Items to be publicly announced and reported, and standards for public announcement and reporting
- (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading 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.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- (IV) 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:
1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (V) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500

million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.

- (VI) 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 NT\$500 million.
- (VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. 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.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph 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.

II. Time limits for public announcement and reporting

When assets are acquired or disposed of by the Company, if there are items that shall be announced in as per Paragraph 1 of this Article and the transaction amount reaches the standards that shall be announced and reported as per this Article, announcement and reporting shall be made within 2 days of the date of occurrence in accordance with its nature and the prescribed format.

III. Announcement and reporting procedures

- (I) The Company shall submit relevant information to the website designated by the Financial Supervisory Commission of the Executive Yuan for announcement and reporting.
- (II) 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 FSC by the 10th day of each month.
- (III) 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 two days counting inclusively from the date of knowing of such error or omission.
- (IV) The 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.
- (V) 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 paragraph 1, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 3. Change to the originally publicly announced and reported information.
- (VI) Information required to be publicly announced and reported in accordance with the provisions of the paragraph 1 on acquisitions and disposals of assets by the company's subsidiary that is not itself a public company in Taiwan shall be reported by the company.

The paid-in capital or total assets of the company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under paragraph 1.

(VII) For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 16: Procedures for the Acquisition or Disposal of Assets by Subsidiaries

I. The Company shall urge all subsidiaries to formulate procedures for acquiring or disposing of assets in accordance with the Guidelines for the Acquisition or Disposal of Assets by Public Offering Companies as promulgated by the Financial Supervisory Commission. After being approved by the board of directors of each subsidiary, they shall be submitted to the shareholders' meetings of each subsidiary for approval, and the same shall apply to amendments thereof.

II. Internal auditors of the Company should prepare audit reports in accordance with the annual audit plan regarding the compliance of subsidiaries' procedures for loans of funds to others. If deficiencies are found, the subsidiary under investigation shall be notified to improve and follow-up reports shall be regularly prepared and submitted to the Chairman, independent directors, and Audit Committee.

Article 17: Penalty

In the acquisition or disposal of assets by the relevant personnel of the Company, if there is a violation of the Guidelines for the Acquisition or Disposal of Assets by Public Offering Companies of the Financial Supervisory Commission, or of the Company's Procedures for the Acquisition or Disposal of Assets, then disciplinary action shall be meted out according to the severity of the circumstances and in accordance with regular submission and assessment stipulate by the payroll cycle of the internal control system.

Article 18: Enforced and amendment

In formulating the Procedures for the Acquisition or Disposal of Assets and submitting them to the Board of Directors for discussion, the Company shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, this shall be sent to supervisors and submitted to the Shareholders' Meeting

for approval; and the same shall apply for amendments. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article19: Supplementary provisions

If there are any issues that are not covered in these Procedures, they are to be handled in accordance with relevant laws and regulations.

Article20: This Procedures was established on Nov. 16, 2007.

The 1st amendment was made on Jun. 15, 2011.

The 2nd amendment was made on Jun. 21, 2012.

The 3rd amendment was made on Jun. 27, 2014.

The 4th amendment was made on Jun. 14, 2017.

The 5th amendment was made on Jun. 19, 2019.

The 6th amendment was made on Jun. 30, 2020.

The 7th amendment was made on Jun. 29, 2022.