

YIEH PHUI ENTERPRISE CO., LTD.

Procedures for Acquisition and Disposal of Assets

Modified on June 23 2022

Article 1: Ordinance reference

The “Procedures for Handling Acquisition and Disposal of Assets” are stipulated in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of the Financial Supervisory Commission (hereinafter referred to as FSC).

Article 2: The acquisition or disposal of assets is to be processed in accordance with the “Procedures for Handling Acquisition and Disposal of Assets,” unless otherwise provided by law that shall prevail.

Article 3: The applicability of the “assets” defined in the “Procedures for Handling Acquisition and Disposal of Assets:”

1. Investments of stocks, bonds, corporate bonds, financial bonds, fund-based marketable securities, depositary receipts, call (put) warrants, beneficial securities, and assets-based securities.
2. Real estate (including land, houses and buildings, investment real estate, and inventories of construction industry) and equipment.
3. Membership card.
4. Intangible assets of patents, copyrights, trademarks, and charters.
5. Right-of-use assets.
6. Claims (including accounts receivable, foreign exchange discount and loans, and delinquent loans) of financial institutions.
7. Derivatives.
8. Acquisition or disposal of assets through legal merger, split, acquisition, or transfer of shares.
9. Other important assets.

Article 4: Terminology defined in the “Procedures for Handling Acquisition and Disposal of Assets:”

1. 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.

2. Acquisition or disposal of assets by legal merger, split, acquisition, or transfer of shares: refers to the acquisition or disposal of assets by legal mergers, splits, or acquisitions in accordance with the Merger Law, Financial Holding Company Law, Financial Institutions Merger Act, or other law, or by issuing new stock shares in accordance with Article 156-3 of the Company Law for the transfer of shares from other companies (hereinafter referred to as the "transfer of shares").
3. The related party and subsidiaries: The identity should be verified in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms."
4. Professional appraisers: refers to real estate appraiser or others engaged in real estate and equipment appraisal business in accordance with the law.
5. Event Date: refers to the contract signing date, the payment date, commission closing date, the transfer date, the Board resolution date, or other date with the transaction counterpart and transaction amount sufficiently determined, whichever is sooner (earlier). However, if the approval of the competent authorities is mandatory to the investments, one of the aforementioned dates or the competent authorities approval date whichever is sooner (earlier) shall prevail
6. Investment in Mainland China: refers to the investment in China in accordance with the Regulations Governing Licensing Investment or Technical Cooperation in Mainland China of the Investment Commission
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated

and are regulated by the competent financial authorities of the jurisdiction where they are located.

8. Securities 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.

Article 5: For the appraisal report and the opinions of CPAs, attorneys, or security underwriters collected by the Company, the relevant appraisers and appraising personnel, CPAs, attorneys, or security underwriters shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the 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 preceding paragraph shall comply with these self-regulatory rules of their respective allied associations and the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 6: Procedures for Handling Acquisition and Disposal of Assets

1. Assessment and operating procedures

- (1) The acquisition or disposal of marketable securities investments is conducted in accordance with the investment revolving operations of the Company's internal control system.
- (2) The Company's acquisition or disposal of intangible assets, real estate, and equipment or right-of-use assets is thereof or memberships conducted in accordance with the Company's internal control system general management and fixed assets, plants, and equipment revolving procedures.

2. The Company's acquisition or disposal of marketable securities investment should be approved by the President and Chairman and must also be resolved by the Board of Directors if it is for an amount over NT\$300 million.

3. The Company's acquisition or disposal of intangible assets, real estate, and equipment or right-of-use assets is thereof or membership ,conducted in accordance with the following requirements:

(1)Acquisition: The Company's acquisition of intangible assets, real estate, and equipment or right-of-use assets thereof or membership ,after the process of price inquiry, comparison, and bargaining should be presented to the competent supervisor for approval. For an amount of more than NT\$300 million, it should be presented to the Board of Directors for resolutions.

(2) Disposal: The Company's disposal or sale of intangible assets, real estate, and equipment or right-of-use assets thereof or membership cards, should be specially proposed by the original using department with the reasons explained and with the process of price inquiry, comparison, and bargaining handled by the property custodian, and then presented to the competent

supervisor for approval. For an amount of more than NT\$300 million, it should be presented to the Board of Directors for resolutions.

Article 7: When the Company has acquisition and disposal of assets handled in accordance with the “Procedures for Handling Acquisition and Disposal of Assets” or other laws and regulations that requires the process shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

A material assets or material derivative transaction must be approved by a majority of the Audit Committee members; also, it must be submitted to the Board of Directors for resolutions. If a majority of the Audit Committee members does not approve it, it should be approved by two thirds of the board of directors and the resolutions of the Audit Committee should be documented in the minutes of the board meeting.

Article 8: The acquisition of real estate or right-of-use asset not used in business operation and marketable securities investment of the Company and its subsidiaries is subject to the following restrictions:

1. The acquisition of real estate or right-of-use asset thereof or securities not used in business operation by the Company and its subsidiaries shall not exceed 150% of the Company's net worth at one time.
2. Each marketable securities investment amount of the Company and its subsidiaries shall not exceed 50% of the Company's net worth at the time.

Article 9: The procedures for handling acquisition and disposal of assets by the subsidiary of the Company

1. A subsidiary of the Company shall have the “Procedures for Handling Acquisition and Disposal of Assets” stipulated in accordance with the requirements and have it resolved in the Audit Committee and/or Board of Directors and/or Shareholders' meeting for enforcement; the amendments should be processed the same way.
2. If the subsidiary of the Company is not a public company with an

acquisition or disposal of assets subject to the notice and declaration requirements of Article 32, the Company should handle the notice and declaration process, post it on the Internet reporting system, and present it for inspection.

3. If the subsidiaries stated in the preceding paragraph with an acquisition or disposal of assets subject to the notice and declaration requirements of paid-in capital or total assets in Article 32 Paragraph 1, it is based on the Company's paid-in capital or total assets.

Article 9.1: Regarding the requirement of 10% total assets, it is based on the total assets amount in the most recent proprietary or individual financial statements that are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms." For the Company's stock that has no face value or the face value is not for NT\$10, the requirement of "trade amount equivalent to 20% of the paid-in capital" is replaced by the "10% of shareholders' equity."

Article 10: The Company's acquisition or disposal of real estate, equipment, or right-of-use assets except for the transactions with domestic government agencies, proprietary land commissioned for construction, leased land commissioned for construction, or disposal of machinery and equipment used in operation, for an amount more than 20% of the paid-in capital or NT\$300 million must be with an official appraisal report collected before the Event Date in accordance with the following requirements:

1. If a specific price, particular price, or special price is applied for reference of the transaction price due to a special reason, the Board of Directors should resolve the transaction in advance. the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Two professional appraisal services must be solicited for a transaction amount more than NT\$1 billion.
3. For the appraisal result of a professional appraiser with one of the following circumstances, except for the appraisal result of the assets acquired higher than the transaction amount or the appraisal result of the assets disposed lower than the transaction amount, the commissioned CPAs 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 regarding the reason for the discrepancy and the appropriateness of the transaction price.

- (1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
 - (2) The difference of appraisal results between two appraisal services or more is more than 10% of the transaction amount.
4. The date of the report issued by a professional appraiser may not be more than 3 months away from the contract date. However, the original appraiser is to have an opinion issued if the two dates are subject to the same announced present value and it is not over 6 months

Article 11: For the acquisition or disposal of marketable securities; except for those meet the following requirements; the Company should collect the underlying company's most recent financial statements that are audited or reviewed by CPAs before the Event Date as reference to assess the transaction price. In addition, for the transaction amounted to 20% of the company's paid-in capital or NT\$300 million or more, commission a CPA to express an opinion on the reasonableness of the trading price before the Event Date. If a professional report is needed by the commissioned CPA, it should be processed in accordance with Article 20 of the Generally Accepted Auditing Standards (GAAS) issued by the Accounting Research and Development Foundation, unless a market quotation of the marketable securities is available or it is otherwise provided by the Financial Supervisory Commission.

- (1) Securities acquired with cash and establishing or raising based on the Corporation Law ..
- (2) Those who have participated in subscribing the marketable securities that is lawfully issued at the par value by the underlying company for cash capitalization.
- (3) Those who have participated in subscribing the marketable securities that is issued by the wholly-owned subsidiary for cash capitalization.
- (4) The listed/OTC and emerging marketable securities traded at the TWSE or GTSM.
- (5) Government bonds and bonds with repurchase or resale conditions.
- (6) Rasing funds domestically or overseas.

- (7) The acquisition or disposal of listed/OTC stock in accordance with the Regulations Governing Listed/OTC Securities Tender Offer or Auction of TWSE or GTSM.
- (8) Participating the fund raising via cash or purchasing corporate debts (including financial bonds) of public companies and the securities thus acquired are not private securities.
- (9) According to Article 11 Paragraph 1 of the Securities Investment and Trust Act and FSC Investment, the exception include the purchase of domestic funds before the founding of the funds, or purchase/repurchase of domestic private equity, having listed in the investment strategies of the trust contract and the related securities not written off. The rest is the same as the investment of public funds.

Article 12: The Company's acquisition or disposal of intangible assets, or right-of-use assets thereof or memberships except for the transactions with domestic government agencies, for an amount more than 20% of the paid-in capital or NT\$300 million, must be with CPAs commissioned to express an opinion on the reasonableness of the trading price before the Event Date in accordance with Article 20 of the Generally Accepted Auditing Standards (GAAS) issued by the Accounting Research and Development Foundation.

Article 12.1: The transaction amount referred to in the last three Articles should be calculated in accordance with Article 32 Paragraph 2. Also, the "within one year" refers to one year prior to the baseline date of the current event; however, the requirement is exempted if an appraisal report is collected from the professional appraiser or an opinion from the CPAs in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 13: For the acquisition or disposal of assets by a court auction process, the documents issued by the Court can be an alternative to an appraisal report or CPA's opinion.

Article 14: For the acquisition or disposal of assets by the Company and the related party, in addition to have the related resolution procedures and trade term reasonableness assessed in accordance with Article 10, Article 13, Article 15, Article 16, Article 17, and Article 18; if the

trade amount is more than 10% of the Company's total assets, an appraisal report or an opinion of the CPA should be obtained in accordance with the requirement stated in the preceding paragraph.

The transaction amount in the preceding paragraph should be calculated in accordance with Article 12. 1.

When determining whether the transaction counterpart is a related party or not, in addition to the legal formality, the real relationship should be considered.

Article 15: The Company's acquisition or disposal of real estate or right-of-use assets , from or to the related party, or, the Company's and the related party's acquisition or disposal of other assets other than the real estate or right-of-use assets for an amount more than 20% of the paid-in capital, 10% of the total assets, or NT\$300 million, Except for the buy/sell of domestic government bonds, repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms, must have the following data approved by the Audit Committee and resolved in the Board meeting before signing the trade agreement and making prepayment:

1. The purpose, necessity, and expected benefits from the acquisition or disposal of asset.
2. The reason for choosing the related party as the trade counterpart.
3. The data related to assessing the reasonableness of the trade terms for the real estate or right-of-use assets acquired from the related party in accordance with Article 16 and Article 17.
4. The initial acquisition date and price, trade counterpart and its relationship with the Company and the related party.
5. The monthly statement of cash income and expense forecast within one year starting from the month the contract is signed. Also, assess the necessity of the transaction and the reasonableness of the fund use.
6. The appraisal report received from a professional appraiser or an opinion from the CPA in accordance with the requirements stated in the last Article.
7. The restrictions and other important stipulations of this transaction.

With respect to the types of transactions listed below, when to be conducted between The company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the

issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$500 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

If the company or its subsidiary that is not a domestic public company has the transaction mentioned in the preceding paragraph, and the transaction amount is more than 10% of the total assets of the company, the materials listed in the preceding paragraph shall be submitted to the shareholders' meeting for approval before signing the transaction contract and making payments. However, the transaction between the company and its subsidiaries, or between its subsidiaries, is not limited to this.

The aforementioned trading value should be calculated according to item 2 of Article 32. The one-year period refers to the one year before the date for the implementation of the trading. The trading which has been submitted to the shareholders' meeting and board of directors for approval and the auditing committee for acknowledgement can be excluded.

Article 16: The Company should have the reasonableness of transaction cost of the real estate or right-of-use assets acquired from the related party assessed in accordance with the following methods:

1. It includes the related party's transaction price plus necessary fund interest and the cost to be borne by the buyer in accordance with the law. The "necessary fund interest cost" is calculated in accordance with the weighted average interest rate of the year the assets purchased; however, it may not be higher than the highest loan interest rate of non-financial sector announced by the Ministry of Finance.
2. If the related party has the underlying object mortgaged as loan collateral to a financial institution, the financial institution is to assess the total loan value of the underlying object. However, the actual cumulative loan value of the underlying object granted by the financial institution should be more than 70% of the total assessed loan value with a loan period for more than one year,

unless the trade counterpart is a related party of the financial institution.

For the underlying land and housing purchased or leased jointly, the transaction cost of land and housing can be calculated respectively in accordance with any of the methods listed in the preceding paragraph.

The cost of the real estate or right-of-use assets acquired from the related party should be assessed in accordance with the requirements of preceding two paragraphs; also, a CPA should be commissioned to review and express an opinion specifically.

The real estate or right-of-use assets acquired from the related party in one of the following circumstances should be processed in accordance with preceding paragraph and it is not subject to the requirements of the last three paragraphs:

1. The related party has acquired the real estate or right-of-use by inheritance or donation.
2. The related party has an agreement signed to acquire the real estate or right-of-use over 5 years ago from the current transaction.
3. The real estate is acquired by commissioning the related party to construct the real estate, including signing a joint construction contract, proprietary land commissioned for construction, and leased land commissioned for construction.
4. The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17: If the price assessed in accordance with Paragraph 1 and Paragraph 2 is lower than the trading price, it should be handled in accordance with Article 18, except for in the following circumstances with objective evidences presented, a real estate professional appraisal report received, and a specific and reasonable opinion issued by the CPA:

1. The related party that has acquired or leased a prime land for construction may evidence its complying with one of the following conditions:
 - (1) Prime land is assessed in accordance with the methods

stated in the preceding paragraph. Housing is assessed in accordance with the total amount of related party's construction cost plus reasonable construction profit exceeding the actual trading price. The "reasonable construction profit" is the average gross profit rate of the related party's construction department within the last three years or the most recent gross profit rate of the construction industry published by the Ministry of Finance whichever is lower.

(2) The other floors of the same underlying premise and land or the transaction conducted by a non-related party in the adjacent area within one year for the similar floorage. In addition, the trading conditions are equivalent according to the assessment of the reasonable floor or regional price spread in a general real estate or leasing trade.

2. Prove the trading conditions for the real estate or obtaining real property right-of-use assets through leasing acquired from the related party is equivalent with the transaction conducted by a non-related party in the adjacent area within one year for the same floorage.

The successful transaction conducted in the adjacent area stated in the preceding paragraph refers to the real estate on the same or adjacent street that is less than 500m in radius distanced from the underlying object or it is with the similar announced present value. The "same floorage" means that the area of the real estate transaction conducted by the non-related party may not be more than 50% smaller than the underlying object. The "within one year" refers to one year prior to the baseline date for the acquisition of the real estate or right-of-use assets.

Article 18: If the price of the real estate or right-of-use assets acquired by the Company from the related party that is assessed in accordance with preceding two paragraphs is lower than the trading price, it should be handled in accordance with the follows:

1. For the spread between the real estate or right-of-use assets trading price and assessed cost, special reserve should be appropriated in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act; also, it may not be applied for distribution or capitalized for stock dividend. For the Company's investment valued in accordance with the equity method, special

reserve should be appropriated for the aforementioned spread amount proportionally to the shareholding ratio in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act.

2. An independent director of the Audit Committee should have it handled in accordance with Article 218 of the Company Act.
3. Preceding two paragraphs should be presented in the shareholders meeting; also, the transaction details should be disclosed in the annual report and prospectus.

The special reserve appropriated in accordance with the requirements stated in the preceding paragraph cannot be used until the assets purchased or leased at high price are with allowance for loss in valuation appropriated or it is disposed, or, the leasing contract has been terminated with proper compensation restitution made, or without evidence of unreasonableness, and with the consent of the Financial Supervisory Commission.

The acquisition of real estate or right-of-use assets from the related party that is with a breach of regular operation evidenced should be processed in accordance with the preceding two paragraphs.

Article 19: Procedures for Handling Acquisition and Disposal of Derivatives

The Company engaged in derivatives trading shall pay attention to the following important risk management and auditing matters control and they should be included in the "Procedures for Handling Acquisition and Disposal of Derivatives:"

1. Trading principles and guidelines: It shall include the type, operation or hedging strategy, division of responsibilities, performance evaluation criteria of the derivative transactions, the total contract amount of the derivative transactions, as well as the loss limit amount of all contracts and individual contract.
2. Risk management measures
3. Internal auditing system
4. Regular assessment methods and nonconformities handling

Article 20: The Company engaged in derivatives trading should implement the following risk management measures:

1. Risk management scope

The Company engaged in derivative transactions should consider the following risks with proper hedging measures implemented in advance:

- (1) Credit risk management: Conduct trades mainly with the associating banks and legitimate brokers and set the trade

quota in advance for each associating banks. The Finance Officer is responsible for the control without focusing business transactions on few institutions. Also, adjust the trade quote of each associating financial institution flexibly in accordance with changes in market prices.

- (2) Market risk management: It is limited to the trades conducted in stock market and OTC market.
 - (3) Liquidity risk management: It is mainly focusing on the instruments with long trading time, high liquidity, and stable market price.
 - (4) Cash flow risk management: Changes in cash flow should be assessed; also, source of fund is limited to the proprietary fund.
 - (5) Operational risk management: shall comply with the authorized quota and operating procedures regulated by the Company and should have it included in the internal auditing process to avoid operating risk. Moreover, derivatives traders and personnel responsible for confirmation and settlement may not be inter-changeable. Personnel responsible for derivatives settlement shall follow up on the derivatives transactions that will be due within one week and with the derivatives traders informed to ensure correct derivatives settlement.
 - (6) Legal risk management: Non-stereotyped transaction contract documents shall be countersigned by the Legal Affairs Office.
2. Derivatives traders and personnel responsible for confirmation and settlement may not be inter-changeable.
3. Scope of authorization:
- (1) transaction (investment)
- (calculated by the amount of contract rather than the amount of guarantee)

level	Daily volume	Authorised amount	remark
board of director	greater than US\$10 million	none	when the daily volume is over US\$ 10 million, it has to be done with the approval of board of directors
ratified by the	Not great than	Not greater than	directors authorize the

chairman and to be approved by the latest meeting of the board of directors	US\$10 million	US\$30 million	chairman to ratify in advance and to be approved by the latest meeting of the board of directors
the chairman	Not greater than US\$2.5 million	Not greater than US\$7.5 million	required the approval of the board of directors due to over the limit
the general manager	Not greater than US\$500,000	Not greater than US\$2.5 million	required the approval of the chairman due to over the limit

(2) non-transaction (hedging)

(calculated by the amount of contract rather than the amount of guarantee)

level	Daily volume	Authorised amount	remark
board of director	greater than US\$20 million	none	when the daily volume is over US\$ 20 million, it has to be done with the approval of board of directors
ratified by the chairman and to be approved by the latest meeting of the board of directors	Not great than US\$20 million	Not greater than US\$60 million	directors authorize the chairman to ratify in advance and to be approved by the latest meeting of the board of directors
the chairman	Not greater than US\$5 million	Not greater than US\$15 million	required the approval of the board of directors due to over the limit
the general manager	Not greater than US\$1million	Not greater than US\$5 million	required the approval of the chairman due to over the limit

4. The Company has the derivatives operations assigned to the responsible units as follows in accordance with the nature of work.

1. Procurement Unit: Responsible for drafting up the operation strategies for the trade of instruments and futures in

accordance with the scope of authorization.

2. Finance Office:

(1) Responsible for drafting up the operation strategies for the trade of derivatives other than instruments and futures.

(2) Conduct trades in accordance with the scope of authorization.

3. Legal Affairs Office: Responsible for reviewing the non-stereotyped transaction contract documents;

4. Accounting Office: Responsible for the accounting process of derivatives transactions, the preparation of financial statements, and regular data summary.

5. Audit Office: Understand the adequacy of internal control, including division of responsibilities and operational procedures; audit the compliance with the Procedures for Derivatives Trading of the trade department.

5. Risk measurement, monitoring, and control personnel should not be in the same department with the personnel stated in the preceding personnel; also, should report to the Board of Directors or the senior management that is not responsible for trade or position decision-making.

6. The department responsible for derivative transactions should base its assessment on the following criteria:

(1) Performance evaluation:

1. Non-trading:

(1) The Finance Office has based the performance evaluation of the realized net profit and loss position after the closing of the trade day for each trade contract on the type of instrument.

(2) Compare the profit and loss performance and conduct regular reviews for the target set and report it to the Chairman for review and approval.

2. Trading:

(1) Realized position: The Finance Office has based the performance evaluation on the actual profit or loss position.

(2) Unrealized position: Base the performance evaluation on the net profit and loss and total profit and loss of

the open position calculated in accordance with the closing price every day.

(2) Regular assessment:

1. The Finance Office regularly reviews whether the operation performance meets the established business strategies and the risk is within the tolerable range specified in accordance with the current Income Statement.
2. The Finance Office should have the position held for trade assessed at least once a week. The position held not for trade assessed at least once every 15 days; also, the assessment report should be presented to the Chairman for review and approval.

7. Total contract amount and loss limit:

Non-trading transactions: The quota amount should not exceed the Company's actual business needs.

Trading transactions: The quota amount is limited to 15% of the Company's net worth.

All of the above and individual contract loss is limited to 15% of the contract amount.

If the changes in market causes individual contract with a loss over 10% after the transaction completed, the countermeasures must be developed and presented to the Chairman for approval.

Article 21: The Board of Directors is to monitor and manage the Company's derivatives trades in accordance with the following principles:

1. The designated senior management should monitor and control the risk of the derivative transactions at any time.
2. Regularly reviews whether the performance of derivative transactions meets the established business strategies and the risk is within the tolerable range specified.

The designated senior management should manage derivatives transactions in accordance with the following principles:

1. Regularly assess whether the current risk management measures are appropriate and are indeed handled in accordance with the Procedures for Derivatives Trading of the Company.
2. Supervise trading and profit and loss situation. Take necessary responsive measures upon identifying any

nonconformity and it should be immediately reported to the Board of Directors. The independent directors of the Company, should attend the meeting to express their opinions.

The Company having authorized responsible personnel to handle derivative transactions in accordance with the Procedures for Derivatives Trading should have it reported to the most recent Board of Directors afterwards.

Article 22: The Company engaged in derivatives trading should have a registry established for recording the information of derivatives type, amount, the Board approval date, and the matters to be carefully assessed as stated in Article 20 Paragraph 6, and preceding paragraph 1 Clause 1 and Paragraph 2 Clause 1.

The Company's internal audit staff should regularly understand the adequacy of the internal controls, audit the compliance with the Procedures for Derivatives Trading of the trade department every month, analyze the transaction cycle, and prepare an audit report. The Audit Committee should be notified in writing for any major nonconformity identified.

Article 23: The Company while handling merge, split, acquisition, or transfer of shares should commission CPAs, lawyers, or securities underwriters to express an opinion on the reasonableness of the swap ratio, acquisition price, or the distribution of cash or other assets to shareholders before the resolutions reached in the board meeting; also, it should be presented to the Board of Directors for review and approval. However, if the parent company merges with its 100% owned subsidiary, or the merge between its 100% owned subsidiaries, there is no need to acquire the feasibility assessment of specialists.

Article 24: The Company while engaged in the merger, split, or acquisition should have the merger, split, or acquisition agreement and the related matters composed before the shareholders meeting for distribution to shareholders along with the opinions of specialists referred to in Paragraph 1 of the preceding Article and the shareholders meeting notice for shareholders' reference in voting on the merger, split, or acquisition proposal; unless otherwise provided by other law and regulations exempting the merger, split, or acquisition proposal from being resolved in the shareholders meeting.

If the shareholders meeting of the parties engaged in the merger, split, or acquisition cannot be convened or resolved due to the issues of insufficient attendance rate, voting right inadequacy, or other legal restrictions, or, motions are vetoed in the shareholders meeting, the parties engaged in the merger, split, or acquisition should immediately disclose the root cause, the subsequent processing operations, and the expected date of the shareholders meeting to be convened.

Article 25: The Company while engaged in the merger, split, or acquisition, unless otherwise provided by law or for some reasons with the consent of the Financial Supervisory Commission in advance, should have the board meeting and shareholders meeting convened in the same day to resolve the merger, split, or acquisition matters.

The Company while engaged in the transfer of shares, unless otherwise provided by law or for some reasons with the consent of the Financial Supervisory Commission in advance, should have the board meeting and shareholders meeting convened in the same day.

The Company while engaged in the merger, split, acquisition, or transfer of shares should have the following information documented in writing and reserved for 5 years for inspection. The data in Paragraph 1 and Paragraph 2 below should be reported in the prescribed format to the Financial Supervisory Commission for records through the internet reporting system within two days after the resolutions reached in the board meeting.

1. Personnel basic information: including the job title, name, and identity card number (or Passport No. for foreigners) of those who engaged in the merger, split, acquisition, or transfer of shares or the project leader before the news made public.
2. Important Event Date: including signing a letter of intent or memorandum of understanding, commissioning finance or legal adviser, signing a contract, and the Board meeting date.
3. Important documents and minutes of meeting: including merge, split, acquisition, or transfer of shares plan, letter of intent or memorandum of understanding, important contracts, and minutes of board meeting.

If the counterparts of the merger, split, acquisition, or transfer of shares that the Company is engaged in are not listed companies or

their stocks are not traded at the GTSM, the Company should have an agreement signed with them in accordance with the requirements stated in preceding two paragraphs.

Article 26: The Company's staff who is engaged in or knows about the merge, split, acquisition, or transfer shares plan should issue a written confidentiality commitment not to disclose the contents of the plan before it is made public; also, may not trade the stock and equity-based marketable securities of the companies that are engaged in the merge, split, acquisition, or transfer of shares for themselves or on behalf of others.

Article 27: The Company engaged in the merger, split, acquisition, or transfer of shares may not have the swap ratio or purchase price changed arbitrarily except for in the following circumstances. In addition, it should have the conditions for changes stipulated in the merge, split, acquisition, or transferee of shares contract.

1. Processing cash capitalization, issuing convertible bonds, stock dividend, issuing corporate bonds with warrants, preferred stock with warrants, stock options, and other equity-based marketable securities;
2. The acts, including the disposal of material assets, that affect the Company's financial operations;
3. The events, including major disasters and major changes in technology, that affect the Company's shareholder equity or the price of securities;
4. The adjustment made for the Treasury stock repurchased by any of the companies engaged in the merger, split, acquisition, or transferee of shares;
5. The change in the main company or the number of companies that are engaged in the merger, split, acquisition, or transferee of the shares;
6. The additional conditions for changes illustrated in the contract that are already disclosed to the public;

Article 28: The Company engaged in the merger, split, acquisition, or transfer of shares should have the rights and obligations related to the merger, split, acquisition, or transfer of shares detailed in the contract, including the following matters:

1. Breach of contract.
2. The principles for handling the equity-based marketable

securities issued or the Treasury stock repurchased before the Company extinguished due to a merger or split.

3. The shares of Treasury stock that can be repurchased and the handling principle after the Company's swap baseline date.
4. Handling the change in the main company or the number of companies that are engaged in the transactions.
5. The expected project in progress and the expected project completion date;
6. When the project is not completed on time, the relevant procedures for convening a shareholders meeting in accordance with the law and regulations.

Article 29: If any company involved in the merger, split, acquisition, or transfer of shares after the information made public intends to engage in the merger, split, acquisition, or transfer of shares with other companies, unless the number of participating companies is reduced, the resolution is reached in the shareholders meeting, and the Board of Directors is authorized in the shareholders meeting to change the limit of authority, the participating companies may be exempted from convening a shareholders meeting in making another resolution. In addition, the procedures or legal acts completed in the original merger, split, acquisition, or transfer of shares should be repeated by all participating companies.

Article 30: The Company should have an agreement signed with the companies engaged in the merger, split, acquisition, or transfer of the shares that are not public companies in accordance with Article 25, Article 26, and preceding paragraph.

Article 31: The Company's Finance Office should have had the acquisition or disposal of assets related contracts, minutes of meeting, registries, appraisal reports, and the opinions of the CPAs, lawyers, or security underwriters ready at the Company, unless otherwise provided by laws, for at least five years.

Article 32: The Company's acquisition or disposal of assets with any of the following circumstances should have the relevant information documented in the prescribed format by its nature and noticed and declared through the internet reporting system designated by the Financial Supervisory Commission within two days from the Event Date:

1. The Company's acquisition or disposal of real estate or right-of-use assets from or to the related party, or, the

Company's and the related party's acquisition or disposal of other assets other than the real estate or right-of-use assets for an amount more than 20% of the paid-in capital, 10% of the total assets, or NT\$300 million, except for the buy/sell of domestic government bonds, repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms.

2. Conducting merger, split, acquisition, or transfer of shares.
3. Engaged in derivatives trading losses amounting to the loss limit amount of all contracts or individual contract regulated in the Procedures.
4. The acquisition or disposal of the assets or right-of-use assets used for operation and the transaction is not done with the related party, and the amount is over NT\$1 billion.
5. If the company is expected to invest over NT\$500 million and furthermore the transaction counterparty is not a related party when the acquisition of real estate via construction by others on the company's own or rented land, construction to share houses, co-construction to share houses, co-construction to sell.
6. The assets trades other than the ones stated in the last five paragraphs or investments in Mainland China amounting to 20% of the paid-in capital or NT\$300 million, except for the following circumstances:
 - (1) Domestic Government bonds trade or the foreign government bonds with a credit rating not lower than our country's sovereign rating.
 - (2) The buy/sell of repurchase/reverse repurchase bonds, purchase or repurchase the money market funds issued by domestic securities trust firms.

The transaction amount stated in the preceding paragraph is calculated in accordance with the following methods:

1. Referred to the amount of each transaction.
2. The cumulative amount of the acquisition or disposal of the homogeneous underlying object with the same counterpart within one year.
3. The cumulative acquisition or disposal (independent cumulative acquisition or cumulative disposal) amount of the same real estate or right-of-use assets development project within one year.

4. The cumulative acquisition or disposal (independent cumulative acquisition or cumulative disposal) amount of the same marketable securities.

The “within one year” refers to one year prior to the baseline date of the current event; however, the requirement is exempted for the part of the transaction reported in accordance with the Procedures.

The Company should have the derivatives transactions of the Company and its subsidiaries up to the end of the last month prepared in the prescribed format and posted on the information reporting system designated by the Financial Supervisory Commission before the tenth day of each month.

If there is any mistake or any item missing and needs to be amended, the company has to re-announce the whole thing within two days of uncovering.

Article 33: The notice and declaration of the trades as stated in the preceding paragraph with any of the following circumstances should be posted on the designated website within two days from the Event Date:

1. The contracts of the original trade is changed, terminated, or cancelled.
2. The merger, split, acquisition, or transfer of shares is not completed in accordance with the contracted schedule.
3. The content of the original notice is changed.

Article 34: The responsible personnel of the Company in violation of the Procedures for Handling Acquisition and Disposal of Assets should be punished in accordance with the Company’s Disciplinary Act.