

Tong Ming Enterprise Co.,Ltd.

Procedures for the Acquisition or Disposal of Assets

1. Purpose

The procedure is in place to secure the safety and entirety of the assets and implement information disclosure.

2. Scope and applicable objects:

2.1 The procedure is applicable to the following:

2.1.1 Stocks, bonds, financial bonds, fund-based securities, depository receipts, call (put) warrants, beneficiary certificate, asset-based securities, etc.

2.1.2 Property (including land, buildings and architecture, investment property and land rights) and equipment.

2.1.3 Memberships.

2.1.4 Patents, copyrights, trademarks, franchise rights and other intangible assets.

2.1.5 Financial institutions bonds;

2.1.6 Financial derivatives.

2.1.7 Any Company's assets that were legally merged, divided, acquired or transferred or disposed.

2.1.8 Other major assets.

2.2 Applicable to the Company and its consolidated subsidiaries. However, based on its actual operating requirements, subsidiaries can stipulate their own operating provisions, under the principles of internal control and legal requirements.

3. Units on duty: All departments

4. Work procedure

4.1 The Company and its subsidiaries may acquire, dispose, or continue holding any of the assets in this procedure; however, long/short-term securities investment, non-business related real estate, other fixed assets, and intangible assets holdings shall follow the restriction below. If it exceeded the limit, it shall be reported to the Board as a special project at the time of acquiring, and continues with the procedure once approved by the Board.

4.1.1 The total amount of long/short-term securities investments, non-business related real estate, other fixed assets and intangible assets shall be limited to 50% of the Company's net value.

- 4.1.2 Long-term securities investment shall be limited to 40% of the Company's net value, and a single long-term securities investment is limited to 15%.
- 4.1.3 Short-term securities investment is limited to 20% of the Company's net value, and a single short-term securities investment is limited to 5%.
- 4.1.4 The total amount of non-business related real estate, other fixed assets and intangible assets shall be limited to 20% of the Company's net value, and single non-business related real estate, other fixed assets and intangible assets is limited to 10% of the Company's net value.
- 4.1.5 The Company and its subsidiaries acquiring long/short-term equity investment shall be limited to 50% of the Company's net value.
- 4.2 Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide this Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
 - 4.2.1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Measures, 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.
 - 4.2.2 Not a related party or a de facto related party of a counterpart of a transaction.
 - 4.2.3 In the event that appraisal (valuation) reports from two or more professional appraisers are required, neither professional appraisers nor the appraisal officers shall be related parties or de facto related parties to one another. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-discipline norms of their respective trade associations and the following:
 - 4.2.3.1 Prudently assess own professional competencies, practical experience, and independence prior to undertaking assignments.

4.2.3.2 For audit assignments, plan and implement appropriate processes to draw a conclusion as the basis of producing a report or expressing an opinion; and maintain a full record of the operating procedures, gathered data, and conclusions in the worksheet.

4.2.3.3 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

4.2.3.4 Make a statement attesting to the professional competency and independence of personnel preparing the report or opinion, and assuring that the information contained in the report or opinion has been evaluated and found to be reasonable and accurate, and related laws and regulations are complied with.

4.3.1 Assessment and operation

The Company acquiring or disposing of real estate and other fixed assets shall be in accordance with the internal control of the fixed asset process.

4.3.2 Procedure for the decision of the condition for trade and authorized limit

4.3.2.1 To obtain or dispose real estate properties, third party appraisal, actual transaction costs in its neighborhood, its transaction terms and the actual price shall all be referred and an analysis report shall be made and submitted to the management. If the amount is less than NT50 million, the general manager has the discretion to approve it; between NT50 million to NT100 million, the Chairman has the discretion to approve it; anything more NT100 million requires more than half of the Audit Committee to approve it, before passing it to the Board for approval.

4.3.2.2 Acquiring or disposing other fixed assets, shall choose between price inquiry, comparison, negotiation or bidding. If the price is less than NT\$50 million, the General Manager has the discretion to approve; between NT\$50 million to NT\$100 million, the Chairman has the discretion to approve; above

NT\$100 million, the Board would need to approve it after being approved by more than half of the Audit Committee.

4.3.2.3 If there are independent directors in place, the board shall take independent directors' opinions under advisement when discussing the terms of the asset acquisition/disposal. Any objections or qualified opinions made by independent directors shall be noted in board meeting minutes.

4.3.3 Executors

When the Company acquires or disposes of real estate or other fixed assets, it shall follow the previous process before the responsible department and the finance department executes it.

4.3.4 Appraisal reports on real estate and other fixed assets

4.3.4.1 In the event that the transaction amount for acquiring or disposing of real property, equipment, or its right-of-use assets reaches twenty percent (20%) of the paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of event occurrence from a professional appraiser and comply with the provisions below, except for 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 its right-of-use assets held for business use.

4.3.4.2 Where due to special circumstances it is necessary to give a limited price or specified 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 apply to any subsequent changes to the terms and conditions of transaction.

4.3.4.3 Where the transaction amount is NT\$1 Billion or more, appraisals from two or more professional appraisers shall be obtained.

4.3.4.4 For the professional appraiser's with one of the following results, unless the appraisal result of the assets acquired is higher than the transaction amount or the appraisal result of the assets disposed is lower than the transaction amount, it shall contact a certified public accountant to express an opinion on the cause of the nonconformity and the adequacy

of the transaction price:

4.3.4.4.1 The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.

4.3.4.4.2 The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

4.3.4.5 The date of the appraisal report issued for the appraisal performed before the contract date may not be more than three months from the contract date. However, if it is subject to the announced present value of the same period and that is not more than six months away, an opinion can be issued by the original appraiser.

4.3.4.6 For assets acquired or disposed through court auctions, documentary proof issued by the court can be used in place of the valuation report or CPA's opinion.

4.4 Procedures for acquisition and disposal of securities

4.4.1 Assessment and operation

The Company's long and short-term securities' buying and selling shall be in accordance with the internal control of investment process.

4.4.2 Procedure for the decision of the condition for trade and authorized limit

4.4.2.1 In case of long-term equity investment, the most recent financial statements reviewed or audited by the auditors of such investment objectives shall be presented the day before the occurrence for price assessment. If the amount is less than NTD50 million (inclusive), it shall be submitted to the general manager for approval; If the amount is between NTD50 million to 100 million, it shall be submitted to the chairman for approval; If it exceeds NTD100 million, it shall be submitted to the board of directors for approval with the consent of more than half of all members of the audit committee.

4.4.2.2 Including short-term securities investment, government bonds, outright purchase and repos/reverse repos, commercial papers, fixed income funds, and money market funds, all investments shall be determined by the team in

charge and according to the market price. If the amount is less than NT\$50 million, the general manager has the discretion to approve it; between NT\$50 million to NT\$300 million, the Chairman has the discretion to approve it; anything more than NT\$300 million requires more than half of the Audit Committee to approve it, before passing it to the Board for approval.

4.4.2.3 If there are independent directors in place, and shall refer the motion of acquisition or disposition of assets to the Board for discussion as required; the opinions of the Independent Directors shall be fully considered, and the opinions of the Independent Directors in favor of or against the motions and the reasons kept as an integral part of the minutes of meeting on record of the Board.

4.4.3 Executors

The Company's long/short-term securities investment shall follow the previous procedure before the finance department executes it.

4.4.4 Expert opinion

4.4.4.1 If one of the following occurs when the Company acquires or disposes of securities, and the transaction amount is more than 20% of the paid-up capital or NT\$300 million, it shall request the accountants' opinion on the rationality of the transaction price:

4.4.4.1.1 The acquisition or disposal of securities is done outside of an Exchange or a securities firm's business office.

4.4.4.1.2 The acquisition or disposal of private placement securities.

4.4.4.2 For assets acquired or disposed through court auctions, documentary proof issued by the court can be used in place of the valuation report or CPA's opinion.

4.5 The procedure of real estate acquisition from a related party

4.5.1 The Company acquires or exchanges real estate or its right-of-use assets from related parties, will need to comply with 4.3, the obtaining the real estate processing procedure. In addition, it also needs to follow the following provisions and receive assessments on the rationale of the transaction terms. Transactions worth more than 10% of the

Company's total assets shall also obtain appraisal from professionals or accountant's opinions. In addition, the legal form and the real relationship should be considered in determining whether the counterparty is a related party.

4.5.2 Assessment and operation

4.5.2.1 The Company acquires or exchanges real estate or its right-of-use asset from related parties, and will need to submit the following information to the Audit Committee; and after obtaining more than half of the Committee Members approval, can be presented at the Board Meeting:

4.5.2.1.1 The purpose, necessity and anticipated benefit of the acquisition of real estate.

4.5.2.1.2 The reason for choosing the related party as a transaction counterparty.

4.5.2.1.3 Shall be in accordance with 4.5.3.1 and 4.5.3.4 to assess the related information on the rationality of the scheduled transaction conditions.

4.5.2.1.4 The matters of the related party's original acquisition date and price, counterparty, and the relationship with the Company and the related party.

4.5.2.1.5 The monthly cash income and expense forecast within the year from the month of the contract signed; also, assess the necessity of the trade and the reasonableness of the use of funds.

4.5.2.1.6 Acquire the appraisal report from the professional appraisers or the opinions of the CPAs in accordance with 4.5.1.

4.5.2.1.7 The restrictions and other important stipulations of the transaction.

4.5.2.2 If Independent Directors are available in accordance with the regulations, when the previous item is discussed in the Board Meeting, all Independent Directors' opinions shall be well considered, and if any Independent Directors has an opposite opinion or reserved his opinion, it shall be recorded in the Board Meeting's Minutes.

4.5.3 Evaluation on reasonable cost of transactions

- 4.5.3.1 When acquiring real property or its right-of-use assets from a related party, the Company shall evaluate the fairness of the transaction costs by the following means:
- 4.5.3.1.1 Based on the transactions price of the related party plus the necessary funds interest cost and buyer's cost by law The so-called necessary capital interest cost is calculated in accordance with the weighted average interest rate of the loans in the year the assets are acquired by the Company; however, it may not be higher than the non-financial industry maximum loan interest rate as announced by the government agency.
 - 4.5.3.1.2 If the related party has the underlying subject used as collateral for a loan from financial institutions, the financial institutions are to assess the gross lending value of the subject matter. However, the actual accumulated lending value of the subject matter granted by the financial institutions should reach over 70% of the assessed gross lending value for a lending period over one year. However, it is not applicable if the financial institution and the counterparty are related to one another.
- 4.5.3.2 For the combined purchase or lease of the same underlying land and house, the transaction costs of land and house can be assessed by any of the methods referred to above.
- 4.5.3.3 The Company acquires or exchanges real estate or its right-of-use assets from related parties, and will need to obtain the evaluation on the real estate cost in accordance with 4.5.3.1 and 4.5.3.2, and seek review and opinion from the accountants.
- 4.5.3.4 The Company acquires or exchanges real estate or its right-of-use assets from related parties, and after following 4.5.3.1 and receiving a report with a lower cost than the transaction cost, will need to comply to 4.5.3.5. However, as a result due to the following circumstances and with the objective evidence presented and an appraisal report collected from the professional real estate appraiser and a reasonable opinion issued by the CPAs, it is not subject to the limitations:

4.5.3.4.1 Related party that has obtained prime land or rental land for construction must submit the proof of complying with the following conditions:

——Calculate bare land value according to the rules above; value buildings by adding a reasonable amount of markup to the construction costs incurred by the related party; the total of the two amounts exceed the transaction price. The term “reasonable construction profit” is based on the average gross profit rate in the last three years of the related party’s construction department or the latest gross profit rate of the construction industry announced by the Taiwanese government agencies whichever is lower.

——The transaction terms and the area of premises on other floors in the same property or in the neighborhood in transactions completed by other unrelated parties within the previous year are similar as assessed based on the reasonable price difference by floor or by location in accordance with property transaction or lease practices.

4.5.3.4.2 Where the company acquiring real property through leasing, from a related party provides evidence that the terms of successful trade 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. Successful trade 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; transactions involving similarly sized parcels in principle refers to successful trade by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

4.5.3.4.2 This Company evidences that the transaction terms and area of the real property acquired or its right-of-use assets leased from a related party are similar to that of transactions completed by unrelated parties in the neighborhood within the previous 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; 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. After that, the special reserve can be used.

4.5.3.5 In case the Company acquires real estate from related parties, if the appraisal price in accordance with 4.5.3.1 and 4.5.3.2 is lower than the transaction cost, the following steps shall be taken. Special reserves that the Company and equity-accounted investees (public companies) have provided according to the above can only be taken to offset losses on devaluation or disposal of assets acquired at high price, or to compensate or restore assets to their original conditions, or for other rational purposes supported by evidence and Securities and Futures Supervisory Commission of the Ministry of Finance's approval.

4.5.3.5.1 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 or right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Public companies that account the Company as an investment using the equity method shall also recognize a portion of the

Company's special reserves according to their respective shareholding percentages, as required in Paragraph 1, Article 41 of the Securities and Exchange Act.4.5.3.5.2 The Audit Committee shall have it handled in accordance with Article 218 of the Company Act.

4.5.3.5.3 The results of handling according to the preceding two subparagraphs shall be reported to the meeting of shareholders, and the details of transaction shall be disclosed in the annual report and the prospectus. The company that has set aside a special reserve under the preceding paragraph 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 the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority of securities has given its consent.

With acquiring real property or its right-of-use assets from a related party, the Company shall comply with the preceding paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

4.5.3.6 The Company acquires or exchanges real estate or its right-of-use assets from related parties; if it is one of the following situations, the assessment and procedure can be in accordance with 4.5.1 and 4.5.2, instead of following the rationality of transaction cost in accordance with 4.5.3.1, 4.5.3.2, and 4.5.3.3:

4.5.3.6.1 The related party acquired the real property or its right-of-use assets through inheritance or as a gift.

4.5.3.6.2 More than five years will have elapsed from the time the related party signed the contract to obtain

the real property or its right-of-use assets to the signing date for the current transaction.

4.5.3.6.3 Acquire property by signing with the related party a construction contract, including joint construction contract, proprietary-land construction, or leased-land construction.

4.5.3.6.4 The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

4.5.3.6.5

When the Company and its parent company, subsidiaries, or its subsidiaries directly or indirectly holding 100% of the issued shares or total capital engage in the following transactions with each other, the board of directors may authorize the chairman to make a decision in advance within a certain amount, and then submit it to the latest board of directors for ratification:

1. Obtain or dispose of equipment or its use right assets for business use.
2. Obtain or dispose of real estate use right assets for business use. When submitting to the board of directors for discussion, the opinions of independent directors shall be fully considered. If independent directors have objections or reservations, they shall be recorded in the minutes of the board of directors.

It shall be approved by more than half of all members of the audit committee and then submitted to the board of directors for resolution.

When the Company or its subsidiary which is not a public company in Taiwan has a transaction referred to in paragraph 1 and the transaction amount reaches more than 10% of the total assets, the Company shall submit the information listed

in paragraph 1 to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this does not apply to transactions between the company and its parent company and subsidiaries, or transactions between its subsidiaries. In addition, the so called one-year period is based on the date of the actual occurrence of the transaction, which is calculated back to the previous year, and submit it to the shareholder' meeting and the board of directors for approval.

4.6 Procedure of acquisition or disposal of intangible assets

4.6.1 Assessment and operation

The Company acquiring or disposing of intangible assets shall be in accordance with the internal control of factory and equipment acquisition procedure.

4.6.2 Procedure for the decision of the condition for trade and authorized limit

4.6.2.1 In case of acquisition or disposal of intangible assets, professional assessment reports or fair price shall be taken into consideration to determine the transaction cost and conditions, and prepare analytical reports. If the amount is less than NT\$50 million, the General Manager has the discretion to approve it; between NT\$50 million and NT\$100 million, the Chairman has the discretion to approve it; anything more than NT\$100 million shall receive approval from more than half of the Audit Committee, before being approved by the Board.

4.6.2.2 If there are independent directors in place, and shall refer the motion of acquisition or disposition of assets to the Board for discussion as required; the opinions of the Independent Directors shall be fully considered, and the opinions of the Independent Directors in favor of or against the motions and the reasons kept as an integral part of the minutes of meeting on record of the Board.

4.6.3 Executors

The Company acquiring or disposing of intangible assets shall follow

the previous steps to receive approval before the department in charge and the finance or control department executes it.

4.6.4 Professional assessment reports on intangible assets

4.6.4.1 If the Company acquires or disposes of intangible assets worth more than NT\$4 million, it shall request professionals to provide an assessment report on the transaction cost.

4.6.4.2 In the event that the transaction amount for acquiring or disposing of intangible assets or its right-of-use assets or memberships reaches twenty percent (20%) of paid-in capital or NTD300 million or more, except for transactions with a domestic government agency, the Company shall contact a certified public accountant prior to express an opinion on the fairness of the transaction price.

4.7 Procedures for acquiring or disposing of debt of financial institutions

In principle, the Company does not acquire or dispose of debt of financial institutions. Acquisition or disposal of debt from/to financial institutions will be subject to Board of Directors' approval, and would require prior establishment of valuation and operating procedures.

4.8 Procedure for the Acquisition or Disposition of Derivatives

4.8.1 The principle and policy of trade

4.8.1.1 Type of trade

4.8.1.1.1 The Company invests in derivatives including fixed interest rate, financial instrument prices, commodity prices, exchange rate, price or rate indices, credit ratings or credit indices, or other forward contracts derived from other variables, options, futures, leverage margin contracts, swaps, combinations of the above, or linked notes or structured products implemented with 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.

4.8.1.1.2 Matters concerning margin trading of bonds shall proceed according to relevant rules of the procedures stated here. The rules stated herein do not apply to repurchase agreements.

4.8.1.2 Operating and hedging strategies

The Company is engaged in derivative trade only for hedging. The derivatives chosen shall aim at hedging the risk deriving from the operation of the Company. The currencies in holding must be congruent with the kinds of currencies of the Company actually required for import and export. The overall position (current account of foreign currency transactions) to be kept is for offsetting to reduce the overall exchange risk of the Company, and save the cost of operation in foreign exchange. Caution shall be taken in the assessment of other purposes of derivative trade and reported to the Board for approval before proceeding to trade.

4.8.1.3 Areas of responsibility

4.8.1.3.1 Finance department

4.8.1.3.1.1 Trader

- Responsible for outlining the Company's financial instrument trading strategies.
- Traders are required to calculate outstanding positions, gather market information, evaluate trends and risks, and develop trade tactics on a monthly basis. Once approved at the proper level of authority, the above information will serve as reference for subsequent transactions.
- Execute transactions according to existing strategies within the granted authority.
- If the financial market undergoes major changes to the extent that renders existing strategies no longer appropriate, the trader shall then produce evaluation reports and propose new strategies. Once approved by the General Manager, these new strategies will become the basis for subsequent trades.

4.8.1.3.1.2 Accounting personnel

- Perform trade confirmation.
- Review whether transactions are executed according to existing strategies within the proper level of authority.
- Shall be evaluated weekly, and if the hedge transaction is out of necessity of the operation, then it shall be evaluated at least twice every month and reported to the General Manager.
- Bookkeeping.
- make declaration and announcement in accordance with the regulations of the Taiwan SFC.

4.8.1.3.1.3 Settlement personnel: execute

settlement tasks.

4.8.1.3.1.4 Approval authority for derivative instruments

- Hedging transactions shall be approved by the General Manager.
- Other specific purposes of transactions shall be executed after receiving the approval from the Board.
- If there are independent directors in place, and shall refer the motion of acquisition or disposition of assets to the Board for discussion as required; the opinions of the Independent Directors shall be fully considered, and the opinions of the Independent Directors in favor of or against the motions and the reasons kept as an integral part of the minutes of meeting on record of the Board.

4.8.1.3.2 Audit Department

Responsible for understanding if the internal control of derivative trade is proper and the compliance of the dealing department in the operation, conducting analysis of the transaction cycle and compiling the findings into audit reports. Report to the Board on any significant defects.

4.8.1.4 Performance assessment

4.8.1.4.1 Hedging transaction

- The performance is based on the profit/loss caused by the derivatives trading to hedge the currency or raw material cost on the Company's accounting book.
- To control and fully express the risk of the transaction, the Company's entire holdings shall be evaluated at least twice a month.
- The Finance Unit shall provide foreign currency position valuation report, foreign currency market trend report, and market analysis report to the General Manager for decision-making and further instructions.

4.8.1.4.2 Special-purpose transactions

Performance is assessed based on the actual gains/losses incurred. Accounting personnel are required to prepare regular position reports and submit them to the management for decision-making.

4.8.1.5 Setting of Contract sum and loss limit

4.8.1.5.1 Contract sum

- Limit on hedging transactions

The finance department shall be in control of the entire holdings of the Company to avoid transaction risk, and the amount of hedging shall not exceed the Company's entire holdings.

—Special-purpose transactions

Based on the predictions of the market conditions, the finance department may have strategic plans no more than NT\$300 million of the entire Company's cumulative holdings, and such may be executed after approved by the Board.

4.8.1.5.2 Setting of loss limit

—Such hedge transaction is to avoid risk, and the stop loss limit is set at 10% of the hedged position.

—For special-purpose contracts, a stop-loss threshold shall be set as soon as the position is built up, and thereby prevent excessive loss. The stop-loss threshold shall be set no more than 10% of the contract sum. Losses that amount to more than 10% of the contract sum shall be immediately reported to the General Manager, and subsequently reported to the Chairman and the Board of Directors to discuss responsive measures.

—Each contract of special purposes transaction may not lose more than USD40,000 or 10% of the New Taiwan dollar transaction, whichever is lower.

—Losses on special-purpose transactions shall be capped at US\$300,000 per year.

4.8.2 Risk management measures

4.8.2.1 Management over credit risks

Based on the market movement caused by all variables, derivatives products trading has execution risks and its risk control is as below:

Transaction counterparties: Transactions shall be conducted mostly with locally and globally renowned financial institutions.

Instruments: Limited only to instruments offered by locally and globally renowned financial institutions.

Transaction amount: Open positions with any single counterparty shall not exceed 20% of authorized limit, unless approved by the General Manager.

4.8.2.2 Market risk control: The Company trades in the public currency exchange market provided by the banks, and does not consider the futures market at the moment.

4.8.2.3 Liquidity risk management

To ensure liquidity, the Company shall trade mainly financial instruments of high liquidity (positions that can be closed at any time over the market). The transaction broker shall have

access to sufficient information and be capable of executing transactions in any given market at any time.

4.8.2.4 Cash flow risk management

To ensure the stability of the Company's working capital, derivative transactions shall only be funded using proprietary capital, and trade decisions shall take into account the Company's cash flow forecast and capital requirements for the next 3 months.

4.8.2.5 Operational risk management

4.8.2.5.1 Employees shall operate within their authorized limits, follow operating procedures and duly perform internal audits to prevent operational risks.

4.8.2.5.2 Personnel engaging in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

4.8.2.5.3 Personnel involved in risk assessment, monitoring and control shall be allocated to departments that are different from those mentioned above, and shall report to the Board of Directors or to senior managers who are not responsible for making decisions on transactions or positions.

4.8.2.5.4 Derivative exposures shall be evaluated at least once a week, except for hedging transactions conducted in relation to business activities, which are subject to evaluation at least twice a month. All evaluation reports shall be submitted for review by board-authorized senior managers.

4.8.2.6 Product risk management

Internal Traders shall possess complete, accurate and professional knowledge about the financial instruments traded. They shall also request counterparty banks to make full risk disclosures in order to avoid misuse of financial instruments.

4.8.2.7 Legal risk management

To avoid legal risks, all documents drafted with financial institutions shall be reviewed by foreign currency and legal affairs personnel, or by legal consultants before signing.

4.8.3 Internal audit system

The internal auditors shall understand if the internal control of derivative trade is proper from time to time, and conduct audit on the execution of trade to ensure compliance with applicable rules and regulations, and analysis of the transaction cycle. Compile the findings into audit reports. Report to the Supervisors on any major nonconformity.

4.8.4 Regular assessment methods

4.8.4.1 The Board of Directors shall assign senior managers to the regular monitoring and evaluation of derivative trading, and thereby ensure full compliance with the Company's trading procedures while determining whether risk exposures are kept within the tolerable level. If market price evaluation report shows any abnormal sign (e.g., losses exceeding the prescribed range), the Board of Directors shall be informed immediately to facilitate responsive measures.

4.8.4.2 Derivative exposures shall be evaluated at least once a week, except for hedging transactions conducted in relation to business activities, which are subject to evaluation at least twice a month. All evaluation reports shall be submitted for review by board-authorized senior managers.

4.8.5 Board of Directors' supervising principles for derivative transactions

4.8.5.1 The Board of Directors shall appoint senior managers to monitor and control derivative trading risks at all times based on the following principles:

4.8.5.1.1 Evaluate on a regular basis whether existing risk management measures are adequate, and whether they are carried out according to the prescribed principles and the Company's derivative procedures.

4.8.5.1.2 Monitor trading activities, gains and losses while at the same time take necessary responsive measures and report to the Board of Directors upon discovering any abnormal findings. Independent directors, if available, shall be present at board meetings to express opinions.

4.8.5.2 Periodically evaluate the performance of the derivative

transactions complying with the defined business strategy and the risks within the Company's tolerable range.

4.8.5.3 Derivative transactions performed by personnel who have been authorized under the Company's derivative procedures shall be reported during the upcoming Board of Directors meeting.

4.8.5.4 When the Company deals with derivatives trading, it shall have a memorandum book recording all historically traded derivatives, its types, amount, Board approval dates and other items in accordance with 4.8.4.2, 4.8.5.1 and 4.8.5.2.

4.9 Merger, Divestment, Acquisition and Share Exchange Procedures

4.9.1 Assessment and operation

4.9.1.1 Decisions that involve merger, divestment, acquisition, or share exchange shall be consulted with lawyers, accountants and underwriters to determine the proper legal procedures and timeline. A special project team shall be assembled to execute the project according to legal procedures. Accountants, lawyers or securities underwriters shall be invited to express opinions in board meetings with regards to the share exchange ratio, the acquisition price, the amount of cash distributed to shareholders, and rationality of the acquired property before the proposal is discussed and passed by the Board of Directors. The opinion from the experts on rationality as mentioned could be waived for the merger between the company and a subsidiary where the company directly or indirectly holds 100% of its stake or total capital, or between subsidiaries where the company directly or indirectly holds 100% of their stake or total capital.

4.9.1.2 A public document to shareholders detailing important contractual content and matters relevant to the merger, demerger or acquisition shall be prepared prior to the shareholders' meeting and be included along with the expert opinion under the 4.9.1.1 and notice of the shareholders' meeting for reference in deciding whether to approve the merger, demerger or acquisition. However, the corporate merger, spins-off, or acquisition that does not have to be resolved in the shareholders' meeting according to other

governing regulations is not subject to the requirement. Furthermore, if any participant of the business merger, divestment, or takeover is unable to convene a shareholder meeting, produce a resolution, or if the motion is voted down by shareholders due to insufficient attendants, minimum votes, or other legal restrictions, then the participants of the business merger, divestment, or acquisition shall immediately announce to the public the causes of the discontinuance, their follow-up actions, and the estimated date of the next shareholder meeting.

4.9.2 Other important notes

4.9.2.1 For the merger, spins-off, or acquisition of a company, unless otherwise required by law or due to special factors must report to the FSC in advance, the board meeting and the shareholders' meeting should be convened in the same day to resolve the matters related to the corporate merger, spins-off, and acquisition.

For the assignment of shares of a company, unless otherwise required by law or due to special factors must report to the FSC in advance, the board meeting should be convened in the same day.

For the merger, spins-off, acquisition, or assignment of shares of a listed company or the company with stock traded at the securities business premise, the following information should be composed in writing and reserved for five years for inspection:

4.9.2.1.1 Personnel information: Including the title, name, and identity card number (or passport number for foreigners) of the personnel involved in a merger, spins-off, acquisition, or assignment of shares, or, the plan executor.

4.9.2.1.2 Date of significant events: Including the date of signing a letter of intent or memorandum, commissioning a financial or legal adviser, signing a contract, and convening a board meeting.

4.9.2.1.3 Important documents and minutes of meeting: Including the documents of the merger, spins-off,

acquisition, or assignment of shares plans, letters of intent or memorandum, important contracts, minutes of board meeting.

The Company that participates in a merger, division, acquisition, or transfer of shares or shares that are traded publicly or in a securities firm's business offices, shall in 2 days after approved by the Board, submit information listed in 4.9.2.3.1 and 4.9.2.3.2 in the requested format via the internet to the Taiwan SFC.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the 4.9.2.1.1 and 4.9.2.1.2.

4.9.2.2 Prior confidentiality agreement:

The personnel participate in or are aware of the merger, spins-off, acquisition, or assignment of shares plan shall issue a written commitment of confidentiality not to disclose the plan to any third party before it is made known to the public and not to purchase the stock or equity-type securities of the companies related to the merger, spins-off, acquisition, or assignment of shares in their own names or others'.

4.9.2.3 The principle of the establishment and amendment of the stock conversion rate or repurchase price:

The Company that participates in a merger, division, acquisition, and both companies in a transfer of shares shall hire accountants, lawyers or securities underwriters to assess the rationality on the stock conversion ratio, transaction cost or Shareholders' dividend or other assets prior to the Board Meeting, and submit it to the Shareholders' Meeting. The share exchange ratio and acquisition price shall not be changed unless an alteration term has been specified in the contract and announced to the public. The share exchange ratio and acquisition price can be changed under the following conditions:

- 4.9.2.3.1 Process cash capital increase and issue convertible bonds, stock dividends, bonds with stock option, preferred shares with stock option, stock options certificate, and other equity-type securities.
 - 4.9.2.3.2 An action that affects the Company's financial operation such as disposal of major assets.
 - 4.9.2.3.3 The occurrence of significant disasters and major changes in technology that affects the Company's shareholders' equity or securities price.
 - 4.9.2.3.4 The adjustment of treasury stock repurchased lawfully by any company that participates in the merger, spins-off, acquisition, or assignment of shares.
 - 4.9.2.3.5 Changes in the entity or number of companies involved in the merger, spins-off, acquisition, or assignment of shares.
 - 4.9.2.3.6 The other conditions for tolerable changes are defined in the contract and have been publicly disclosed.
- 4.9.2.4 The contract shall state: Merger, division, acquisition or the recipient Company of the stock transfer's rights and obligations, and shall list the following items.
- 4.9.2.4.1 Event of default.
 - 4.9.2.4.2 Principles for handling of equity-type securities previously issued or treasury stock previously bought back by a company that is extinguished in a merger or that is demerged.
 - 4.9.2.4.3 The treasury stock to be repurchased lawfully by the involving company and the principle for its process after the base date for the calculation of stock swap ratio.
 - 4.9.2.4.4 The process for the changes in the entity and the number of companies involved.
 - 4.9.2.4.5 The expected progress of the project and the schedule of completion.
 - 4.9.2.4.6 The process of convening a shareholders' meeting

when the project is not completed on time.

4.9.2.5 Change in the number of merger/divestment/acquisition/share exchange participants: If a participant of the business merger, divestment, acquisition or share exchange intends to engage in another business merger, divestment, acquisition or share exchange with another company after the initial deal is made public, all procedures or legal actions completed on the initial deal shall start afresh by all participants. However, this excludes situations where the total number of participants has decreased as a result of the second deal, and that a resolution has been made in a shareholder meeting to authorize the Board of Directors to change the terms of the initial deal; in which case, participants need not convene another shareholder meeting to resolve the board's decision.

4.9.2.6 If the merger, divestment, acquisition, or share exchange involves a party that is not a public company, the Company shall sign a separate agreement with that particular party to outline terms concerning: Board of Directors meeting date (4.9.2.1), confidentiality (4.9.2.2), and change of participants in merger, divestment, acquisition, or share exchange (4.9.2.5).

4.10 Public information disclosure

4.10.1 Mandatory announcements and reporting standards

4.10.1.1 The acquisition or disposal of real estate from and to the related party or right-of-use assets, or the acquisition or disposal of assets other than real estate from and to the related party for an amount exceeds 20% of the paid-in capital, 10% of the total assets, or NT\$300 million. However, domestic bond trades, RP and RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises is not subject to such requirements.

4.10.1.2 Process merger, spins-off, acquisition, or assignment of shares.

4.10.1.3 Derivative trading losses amounting to the total contract loss limit or individual contract loss limit defined in the handling

procedures.

4.10.1.4 Obtaining or disposing assets of business equipment or other right-of-use assets, and the opposite party of the transaction is unrelated to the Company, while the transaction cost reached one of the following provisions:

(1) Public companies with paid-in capital of less than NTD10 billion and amount of transaction exceeds NTD500 million.

(2) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

4.10.1.5 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.

4.10.1.6 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 counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.

4.10.1.7 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% or more of paid-in capital or NT\$300 million. However, the following conditions are not subject to this restriction:

4.10.1.4.1 Buying and selling domestic government bonds

or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan.

4.10.1.4.2 As a professional investor, conduct trading of negotiable securities on domestic and foreign security exchange corporation or securities brokerage firms, or subscription 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 index investment securities, or securities firms that, due to the needs of undertaking business, 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 regulations of the Taipei Exchange (TPEX).

4.10.1.4.3 The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises

4.10.1.5 The transaction amount mentioned 4.10.1 above is calculated as follows; the one-year timeframe dates back from the day of transaction, and transactions that have already been announced can be excluded.

4.10.1.5.1 Amount per transaction.

4.10.1.5.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying assets with the same counterpart within the previous year.

4.10.1.5.3 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or its right-of-use assets in the same

development project within the same year.

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

4.10.1.6 The requirement of 10% of the total assets is based on the total assets in the latest proprietary or independent financial statements governed by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

4.10.2 Timing of announcement and report

Asset acquisitions and disposals that meet any of the announcement criteria and transaction amount mentioned in Paragraph 1 of this Article shall be announced and reported to the public within two days from the day of transaction.

4.10.3 Public announcement

4.10.3.1 The Company shall post related information on the website designated by the Taiwan FSC.

4.10.3.2 The Company and its non-public subsidiaries in Taiwan shall post every month the status of derivatives trading as of the end of last month, in the requested format by the 10th every month, to the designated website by the FSC Taiwan.

4.10.3.3 When the items that are to be published by the Company in accordance with the regulations are found with errors or omissions at the time of publication, all the items should be published and reported again within 2 days from the date of learning of the discrepancy.

4.10.3.4 For the assets acquired or disposed of, the Company should have had the related contracts, minutes of meeting, memorandum, appraisal reports and the opinions of the CPA, lawyers or securities underwriters ready at the Company for at least 5 years, unless otherwise provided by law.

4.10.3.5 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the previous article, a public report of relevant information shall be made on the website designated by the FSC within 2 days from the date of occurrence of the event:

4.10.3.5.1 The originally signed trade contract is modified, terminated, or revoked.

4.10.3.5.2 Merger, spins-off, acquisition, or assignment of shares is not completed in accordance with the deadline stated in the contract signed.

4.10.3.5.3 Changes are made to the original announcement and report.

4.10.4 Format of announcement: Related format and appraisal reports shall be recorded following the instructed items and in the requested format.

4.11 The following rules apply to the Company's subsidiaries:

4.11.1 The parent Company shall urge the subsidiaries to follow Taiwan's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" regarding procedure of acquiring or disposing of assets, and it shall be approved by the subsidiaries' Board before submitting to the Shareholders' Meeting, and the same for the amendments.

4.11.2 For subsidiaries that are not public company, acquisition and disposal of assets shall be reported by the parent company instead if the transaction meets the reporting criteria outlined in "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

4.11.3 In the standard of the subsidiaries' announcement, the "20% of the Company's paid-in capital" is based on the paid-in capital of the parent Company.

4.12 Penalties

The Company's employees who are responsible for acquiring and disposing of assets but violate the regulations of the procedure, may be reprimanded according to the seriousness of the violation in accordance with the Company's Human Resources Management Standards and Employees' Handbook.

4.13 Implementation and amendment

4.13.1 The Company when establishing the procedure of acquisition and disposal of assets, shall follow the regulations, and after being approved by more than half of the entire Audit Committee and approved by the Board, submit it to the Shareholders' Meeting for approval. The same applies when amendments happen.

4.13.2 If Independent Directors are in place in accordance with the regulations, when discussing the previous items of acquiring or disposing of assets in the Board Meeting, all Independent Directors' opinions shall be well considered, and if there is any opposite opinion or opinion reserved from the Independent Directors, it shall be stated in the Board Meeting Minutes.

4.14 If the Company does not engage in derivative trading, it may be exempted from setting the process of dealing with derivative commodity transactions after it has been submitted to the Board for approval. Should the Company decide to engage in derivative trading later, it shall follow the previous provisions.

5. Related attachment: None

6. Related departments: All departments

This procedure was established on May 19, 2010 after approved in the Shareholders' Meeting.

This procedure was first amended on May 13, 2013 after approved in the Shareholders' Meeting.

This procedure was second amended on June 19, 2014 after approved in the Shareholders' Meeting.

This procedure was third amended on March 17, 2017 after approved in the Board Meeting.

This procedure was third amended on June 22, 2017 after approved in the Shareholders' Meeting.

This procedure was third amended on June 14, 2022 after approved in the Shareholders' Meeting.

