



Procedure for Governing the
Acquisition and Disposal of
Assets

File

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Article 1. Purpose

The Procedure is adopted for assets protection and to implement information disclosure.

Article 2. Applicable Laws and Regulations

These procedures are adopted pursuant to Article 36-1 of the Securities and Exchange Act and Regulations governing acquisition and disposal of assets.

Article 3. Scope of assets:

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

Article 4. Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquires, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquires conducted under the Business Mergers and Acquires Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area



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approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

7. Latest financial statements: It refers to the financial statements of the company that have been disclosed by the accountant for verification or verification before the company acquires or disposes of the assets.

Article 5. The total amount of acquisition of real estate, Right-of-use asset and securities, and the limit of individual securities. The amount of the above assets acquired by the Company and each subsidiary individually is as follows:

1. The total amount of real estate is limited to 30% of the company's net value.
2. The total amount of investment securities is limited to the net value of the Company.
3. The Company invests in individual securities, which is limited to 70% of the net value.

Article 6. Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, shall not be a Related Party of the Company or the other party of the transaction shall meet following requirements:

1. It has not been violated by this law, company law, banking law, financial holding company law, commercial accounting law, or fraud, breach of trust, encroachment, forgery of documents or business crimes, subject to the declaration of more than one year imprisonment. However, if the execution is completed, the probation period expires or the pardon has been completed for three years, this is not the limit.
2. The situation in which the party to the transaction may not be a related person or a person with a substantive relationship.
3. If the company should obtain the valuation report of two or more professional valuers, different professional valuers or appraisers may not be related to each other or have substantive relationships. When issuing the valuation report or opinion, the personnel of the preceding paragraph shall follow the self-discipline of each commercial association to handle the following matters:
 - i. Before undertaking a case, you should carefully assess your professional competence, practical experience and independence.
 - ii. When executing the case, the appropriate operational procedures should be properly planned and implemented to form a conclusion and a report or opinion should be issued accordingly; and the procedures, data collected and conclusions to be carried out are detailed in the working paper of the case.
 - iii. The source, parameters and information used shall be evaluated on an item-by-item basis for suitability and reasonableness as the basis for the issuance of valuation reports or submissions.
 - iv. The matters of declaration shall include the professionalism and independence of the relevant personnel, the information used for evaluation is suitable and reasonable, and the relevant laws and regulations are followed.

Article 7. The valuation report or accountant's opinion can be replaced by the documents issued by the court who acquisition or dispose of assets through the court auction process.

Article 8. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written



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statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis application of Article 19, paragraphs 4 and 5.

Article 9. Procedures for the Acquisition and Disposal of Assets

1. Evaluation and operation process

- i. In acquiring or disposing of real property, and the requestor shall make application with evaluation reasons such as the reasons for acquisition or disposing, the subject, the counterpart of the transaction, the transfer price, the payment and payment terms, and the price reference.
- ii. In acquiring or disposing of real estate or equipment of the company shall be operated in accordance with the relevant provisions of the internal control system "Fixed Assets Cycle".

2. Establishment of Disposition Procedure for Terms and credit

- i. In acquiring or disposing of real estate shall refer to the current value of assessed value, the actual transaction price of the adjacent real estate, etc., and the transaction conditions and transaction price shall be determined. The responsible unit shall prepare an evaluation report and report to the Chairman, and shall follow the "Authorization Regulation" (CA-006).
- ii. In acquiring or disposing of equipment shall be selected by means of inquiry, price comparison, bargaining or bidding, and shall be operated in accordance with the "Authorization Regulation" (CA-006).

3. Executive unit

In acquiring or disposing of real estate or other fixed assets, it shall be executed according to the authority of the user department and the responsible department.

4. Appraisal results of Real estate or equipment

In acquiring or disposing of real property, equipment and Right-of-use asset where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a local government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or his Right-of-use asset for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- i. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- ii. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.



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- iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal of the appropriateness of the transaction price:
 - 1. The discrepancy between the appraisal results and the transaction amount is 20 percent or more of the transaction amount.
 - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- iv. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 10. Procedures for the Acquisition and Disposal of securities

1. Evaluation and operation process

The purchase and sale of the company's securities are operated in accordance with the "investment cycle" of the internal control system.

2. Establishment of Disposition Procedure for Terms and credit

- i. The securities that are traded in the centralized trading market or the securities firm's business office shall be determined by the finance department according to the market conditions. If the investment amount does not exceed NT\$10 million (including), the general manager shall authorize the verification, and the investment amount shall exceed If the NT\$10 million and the amount does not exceed NT\$10 million (including), the board of directors authorizes the chairman to approve the case and should file a report in the latest board meeting after the event. At the same time, it proposes that the securities have not realized the benefits or losses. Report; where the investment amount exceeds NT\$10 million or more, it must be approved by the board of directors.
- ii. For securities that are not traded in the centralized trading market or the securities firm's business premises, the company's most recent financial statements audited by the accountant or reviewed should be taken as the reference for evaluating the transaction price before the date of the fact, considering its net worth and profitability. And the future development potential, etc., if the investment amount does not exceed NT\$10 million (including), the general manager is authorized to verify that the investment amount exceeds NT\$10 million and does not exceed NT\$10 million (including). The board of directors authorizes the chairman of the board to approve and shall file a report in the latest board meeting after the event, and at the same time, submit an analysis report on the unrealized interest or loss of the securities; if the investment amount exceeds NT\$10 million, it must be approved by the board of directors.

3. Executive unit

The investment in securities of the company shall be executed by the finance department after it has been submitted for verification according to the approval authority of the preceding paragraph.

4. Acquisition an accountant's opinion

If the company acquires or disposes of securities in one of the following circumstances,



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and the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million, it should be reasonable to ask the accountant for the transaction price before the factual date. In case the securities management committee stipulated, this limitation shall be not applied.

- i. Acquisition or dispose of securities that are not traded in the centralized trading market or in the securities firm's business premises.
 - ii. Acquisition or dispose of private equity securities.
5. The Company shall not waive the capital increase of its investment companies in the future with a 50% shareholding. In the future, due to the consideration of strategic alliances or other consents of the securities counters of the Republic of China Securities Counter, and the need to waive the capital increase or disposition of the shares of the investment company holding 50% of the shares, it must be approved by the special resolution of the board of directors of the company. If the treatment is revised, it should be entered into the public information observatory's major information disclosure and reported to the ROC Securities Counter Trading Center for future reference.

Article 11. Procedures for the Acquisition and Disposal of membership cards or intangible assets

1. Evaluation and operation process

Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches NT\$2 million or less than NT\$20 million or more than NT\$20 million, The tiered authorization shall be acquisitioned after the approval of the general manager or the chairman of the board of directors or the approval of the board of directors.

2. Executive unit

When the company acquires or disposes of the membership card or intangible assets, it shall be executed according to the authority of the department and the responsible department responsible for the responsibility.

3. Member card or intangible asset expert assessment report

Where a public company acquires or disposes of intangible assets or his Right-to-use asset or Member card and the transaction amount reaches 20 percent of the paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 11.1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 16, paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 12. Related Party transaction

1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 9 to 11.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11.1 herein.



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When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Assessment and operating procedures

When a public company intends to acquire or dispose of real property or Right-to-use asset from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- i. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- ii. The reason for choosing the related party as a trading counterparty.
- iii. With respect to the acquisition of real property or Right-to-use asset from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraphs 1 and 4 of Article 12.
- iv. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and its stakeholders.
- v. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- vi. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- vii. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, the company's board of directors may pursuant to Article 9, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Obtain or dispose of equipment for business use or its right to use assets.
2. Acquire or dispose of the right to use real estate for business use.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires



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recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 19, paragraphs 4 and 5.

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

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 16, paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

3. Rationality of transaction costs

- i. The company that acquires real property or Right-to-use asset from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
- ii. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- iii. The company that acquires real property or Right-to-use asset from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.
- iv. When the results of the company's appraisal conducted in accordance with subparagraph 1 and subparagraph 2 of the paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph 5 of paragraph 3 of the Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real



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property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
2. Where a public company acquiring real property or Right-to-use assets by real estate or lease from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for 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 Right-to-use asset.

- v. Where the company acquires real property or Right-to-use asset from a related party and the results of appraisals conducted in accordance with Paragraph 1 and 2 of Article 3 are uniformly lower than the transaction price, the following steps shall be taken:
 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property or Right-to-use asset transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
 2. Supervisors shall comply with Article 218 of the Company Act. Those who have set up an audit committee in accordance with the provisions of this Law shall apply to the independent board members of the Audit Committee in the preceding paragraph.



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3. Actions taken pursuant to subparagraph 1 and subparagraph 2 of the article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment 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 or contract termination in market value of the assets it purchased or rent at a premium, or they have been disposed of, 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 FSC has given its consent.

vi. Where the company acquires real property or Right-to-use asset from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 1 and 2 of this Article 14 and will not be applicable for subparagraph 1, 2 and 3 of paragraph 3 of this Article:

1. The related party acquired the real property or Right-to-use asset through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or Right-to-use asset to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The Company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, acquire the real estate use right assets for business use.

vii. The company acquires real estate or Right-to-use asset from related parties. If there is any other evidence that the transaction has irregular business practices, it shall also be operated in accordance with the provisions of paragraph (5) of this Article.

Article 13. Procedure for acquisition or disposing of claims of financial institutions

In principle, the Company is not engaged in the transaction of acquisition or disposing of the creditor's rights of the financial institution. If it is to engage in the transaction of acquisition or disposing of the creditor's rights of the financial institution, it will report it to the Board of Directors for approval before finalizing its assessment and operating procedures.

Article 14. Procedures for the Acquisition and Disposal of Derivative trading

1. Trading principles and strategies

i. Type of transaction

1. The company may engage in Derivative trading and it shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
2. Matters related to bond margin transactions should be operated in accordance with the relevant provisions of this process. The trading of bonds subject to the terms of the buyback does not apply to the provisions



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of this procedure.

ii. Operational (hedging) strategy

The Company engages in derivative trading transactions and shall aim at hedging.

The trading should be selected to avoid the risks arising from the business operations of the company. The currency held must match the foreign currency demand of the company's actual import and export transactions. The company's overall internal position (referring to foreign currency income and expenditure) is the principle of flattening, thereby reducing the overall foreign exchange risk of the company and saving foreign exchange operating costs. Other special-purpose transactions are subject to careful assessment and may be carried out after the approval of the board of directors exceeds the authorized credit of the board of directors.

iii. Division of powers and responsibilities

1. finance department

- A. Responsible for drafting the strategy of the entire company's derivative trading transactions.
- B. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
- C. The transaction is executed in accordance with the authorization and the strategy.
- D. When there is a major change in the market and the trader judges that the strategy is not applicable, the assessment report is submitted at any time, and the strategy is re-planned and approved by the general manager as the basis for engaging in the transaction.

2. Accounting staff

- A. Perform transaction confirmation.
- B. Review whether the transaction is based on authorization rights and established policies.
- C. The evaluation is carried out monthly and the evaluation report is submitted to the general manager.
- D. Accounting and accounting processing.
- E. Declaration and announcement in accordance with the regulations of the Financial Management Association.

3. Delivery personnel: Perform delivery tasks.

4. Derivative commodity verification authority

- A. Derivative goods of hedging trading, according to the actual income and expenditure of the company's income and expenditure, are executed by the general manager.
- B. For derivative products of other specific-purpose transactions, the total amount of the contractual portion of the cumulative position is limited to US\$200,000. If the amount exceeds the above amount, it must be approved by the board of directors, and it can be acquisitioned according to the policy directive.

2. Audit

The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how



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faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

3. Renewal assessment

i. Risk avoidance transaction

1. The profit and loss generated between the exchange rate cost of the company and the derivative trading transactions is the basis of performance evaluation.
2. In order to fully grasp and express the evaluation risk of the transaction, the company evaluates the profit and loss by means of the monthly evaluation method.
3. The finance department shall provide foreign exchange location evaluation and foreign exchange market trends and market analysis to the management as a management reference and instruction.

ii. Specific use transaction

The actual profit and loss is used as the performance evaluation basis, and the accountants must regularly report the parts to provide management reference.

4. Set of total contract and loss limit

i. Total contract

1. Risk trading quota

The financial department should master the overall position of the company to avoid trading risks. The amount of risk-avoiding transactions is limited to the total foreign exchange income and expenditure of the company. All transactions should be approved by the general manager.

2. Specific use transaction

Based on the forecast of market changes, the Finance Department may formulate a strategy as needed and report it to the management for approval. The Company's specific use transactions are subject to a total contract amount of US\$200,000. The above amount is subject to the approval of the Board of Directors and may be subject to policy directives.

ii. Setting of the upper limit of loss

1. Regarding risk-avoidance transactions, risk avoidance is avoided, so there is no need to set a limit for losses.
2. In the case of a special purpose transaction contract, after the location is established, a stop loss point should be set to prevent excess losses. The stop loss point shall be set at an upper limit of not more than 7 percent of the transaction contract amount. If the loss amount exceeds 5 percent of the transaction amount, it shall be reported to the general manager immediately and reported to the board of directors to discuss the necessary response measures.
3. The amount of the individual contract loss shall be the upper limit of the loss not exceeding 5 percent of the contract amount.
4. The maximum annual loss for the company's specific purpose of trading operations is US\$100,000.

2. Risk management measures

i. Credit risk management

Due to changes in various factors in the market, it is easy to cause operational risks of derivative financial products. Therefore, in market risk management, the



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following principles are followed:

1. Transaction target: mainly domestic and foreign famous financial institutions.
2. Trading commodities: limited to the goods provided by famous financial institutions at home and abroad.
3. Transaction Amount: The amount of unreversed transaction of the same transaction object is limited to 50% of the total authorized credit, but the approval of the chairman is not limited.

ii. Market risk management

Based on the open foreign exchange market provided by banks, the futures market will not be considered for the time being.

iii. Liquidity risk management

In order to ensure market liquidity, financial products are selected with high liquidity (that is, they can be flattened at any time in the market), and financial institutions entrusted with transactions must have sufficient information and the ability to trade in any market at any time.

iv. Cash flow risk management

In order to ensure the stability of the company's working capital turnover, the company's source of funds for derivative commodity transactions is limited to its own funds, and its operating amount should consider the funding requirements for the cash revenue and expenditure forecast for the next three months.

v. Operational risk management

1. Should strictly follow the company's authorization quota, operating procedures and incorporate internal audits to avoid operational risks.
2. Traders engaged in derivative commodities and operators such as confirmation and delivery shall not concurrently serve each other.
3. The risk measurement, supervision and control personnel shall be in different departments from the preceding paragraph and shall report to the board of directors or senior executives.
4. The position held by the derivative commodity exchange shall be assessed at least once a week, but if the risk-averse transaction required for the business is to be assessed at least twice a month, the evaluation report shall be submitted to the senior executive authorized by the board of directors.

vi. Commodity risk management

Internal traders should have complete and correct professional knowledge of financial products, and require banks to fully expose risks to avoid financial commodity risks.

vii. Legal risk management

Documents signed with financial institutions should be formally signed by special personnel of foreign exchange and legal or legal counsel before they can be formally signed to avoid legal risks.

3. Internal audit system

- i. Internal auditors should regularly understand the admissibility of internal control of derivative commodity transactions, and regularly check the compliance of the trading department with the transaction procedures for derivative commodity transactions and analyze the trading cycle to make an audit report. If a major violation is discovered, it should be written. Notify the supervisor.
If an independent director has been set up in accordance with the provisions of



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this Law, the independent directors shall be notified in writing to notify the supervisors in accordance with the preceding paragraph. Those who have set up an audit committee in accordance with the provisions of this Law, the second provision for supervisors shall be used by the audit committee.

- ii. The internal auditor shall report the audit report and the annual audit of the internal audit operation to the competent authority before the end of February of the following year, and report the abnormal situation improvement to the competent authority for reference at the latest by the end of May of the following year.

4. Regular assessment method

- i. The board of directors shall authorize the senior executives to regularly supervise and evaluate whether the transactions in the derivative commodities are actually operated in accordance with the trading procedures set by the company, and whether the risks assumed are within the scope of the allowable undertaking and the market price assessment report has abnormal circumstances (such as the holding position). When the loss has been exceeded, report to the board of directors immediately and take the appropriate measures.
- ii. The position held by the derivative commodity exchange shall be assessed at least once a week, but if the risk-averse transaction required for the business is to be assessed at least twice a month, the evaluation report shall be submitted to the senior executive authorized by the board of directors.

5. The supervision and management principles of the board of directors when engaging in derivative commodity transactions

- i. The board of directors shall appoint high-level supervisors to pay attention to the supervision and control of the risk of derivative commodity trading at any time. The management principles are as follows:
 - 1. Regularly assess whether the currently used risk management measures are appropriate and do so in accordance with the procedures and the derivative goods handling procedures set by the company.
 - 2. To supervise the transaction and the profit and loss situation, if abnormal circumstances are found, the necessary countermeasures shall be taken and report to the board of directors immediately. If the company has set up independent directors, the board of directors shall have independent directors to attend and express their opinions.
- ii. Regularly assess whether the performance of the derivative commodity transactions is in line with the established business strategy and the risks assumed are within the scope of the company's tolerance.
- iii. When the company engages in derivative commodity transactions, it shall authorize the relevant personnel to operate the procedures according to the provisions of the derivative commodity handling procedures, and shall report to the most recent board of directors afterwards.
- iv. When the company engages in derivative commodity transactions, it shall establish a checklist for the types and amounts of derivative commodity transactions, the date of passage of the board of directors, and the fourth (2), fifth (1) and (b) The items that should be carefully assessed should be published in the record for future reference.

Article 15. Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

1. Assessment and operating procedures



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i. Assessment and operating procedures

The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

ii. The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2. Other precautions

i. The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

ii. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Date of the Board Meeting: The companies that participate in the merger, division or acquisition, except as otherwise provided by other laws or have special factors to report to the Association in advance, shall convene the board of directors and the shareholders' meeting on the same day to resolve the merger, division or acquisition of related matters. The



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company that participates in the transfer of shares shall, on the same day, convene the board of directors, unless otherwise stipulated by other laws or with special factors.

2. Companies that participate in mergers, divisions, acquires or share transfers or stocks traded in securities dealers' offices shall make the following written records in full and keep them for five years for verification:
 - A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
 - C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
3. A company that participates in a merger, division, acquisition or share transfer or a stock traded in a securities firm's business premises shall, within two days from the date of the resolution of the board of directors, use the first and second paragraphs of the preceding paragraph in accordance with the prescribed format. The network information system is submitted to the competent authority for reference.
4. A company that participates in a merger, division, acquisition or transfer of shares has a company that is not listed or whose shares are traded in the securities firm's business premises. The company that is listed or traded in the securities firm's business premises shall sign an agreement with it and, in accordance with this paragraph (The provisions of paragraphs 2 and (3) shall apply.
5. Prior confidentiality commitment: All persons who participate in or know the company's merger, division, acquisition or share transfer plan shall issue a written confidentiality commitment. The contents of the plan shall not be disclosed to the public before the information is published, nor may they use their own name or use the name of others. Trading in shares of all companies related to mergers, divisions, acquires or share transfer cases and other securities of an equity nature.
6. The principle of change and change of the share conversion ratio or the purchase price: the company participating in the merger, division, acquisition or share transfer should appoint an accountant, lawyer or securities underwriter to the shareholder, the purchase price or the allotment shareholder before the board of directors of both parties. Express the opinion on the reasonableness of the cash or other property and report it to the shareholders' meeting. In principle, the conversion ratio or the purchase price shall not be arbitrarily changed, but the conditions for the change have been set in the contract and have been publicly disclosed. The conversion ratio or purchase price may be



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changed as follows:

- A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - B. An action, such as a disposal of major assets, that affects the company's financial operations.
 - C. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
7. The contents of the contract shall include: the merger, division, acquisition or transfer of the company of the share transfer company shall be subject to the following matters in addition to one of Article 317 of the Company Law and Article 22 of the Enterprise Mergers and Acquires Law.
- A. Handling of breach of contract.
 - B. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof
 - D. The manner of handling changes in the number of participating entities or companies
 - E. Preliminary progress schedule for plan execution, and anticipated completion date
 - F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures
8. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
9. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of paragraph 5



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and 1 of this Article, Paragraph 8.

Article 16. Information disclosure procedure

1. Should declare the declared project and the announcement standard

- i. Acquisition or disposal of real property or Right-to-use asset from or to a related party, or acquisition or disposal of assets other than real property or Right-to-use asset from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of local government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- ii. Merger, demerger, acquisition, or transfer of shares.
- iii. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- iv. the types of assets acquired or disposed of are equipment or Right-to-use asset for business use, and the transaction objects are not related parties, and the transaction amount is NT\$500 million or more.
- v. 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, except its trading objects are not related party and the amount the company expects to invest in the transaction reaches NT\$500 million.
- vi. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 1. Trading of government bonds or foreign bonds with a credit rating not lower than the country's sovereign rating.
 2. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- vii. The above first and fourth transaction amounts are calculated as follows:
 1. The amount of any individual transaction.
 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
 3. The cumulative transaction amount of real property or Right-to-use asset acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

2. Time limit for handling announcements and filings

If the company acquires or disposes of assets and has the first item to be announced in this Article and the transaction amount reaches the reporting standard that should be



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announced in this Article, it shall be reported within two days from the date of the fact.

3. Announcement procedure

- i. The company shall report the relevant information to the designated website of the competent authority.
- ii. The Company shall, on a monthly basis, enter into the information reporting website designated by the competent authority on the basis of the prescribed format for the Company and non-domestic public offering subsidiaries as of the end of last month.
- iii. If the company shall make corrections according to the regulations, if there are any errors or omissions in the announcement, the project shall be re-issued and declared within two days from the date of notification.
- iv. Where the company acquires or disposes of assets, it shall place the relevant contract, the proceedings, the record book, the valuation report, the accountant, the lawyer or the securities underwriter's opinion in the company, and save it for at least five years, unless otherwise stipulated by other laws.
- v. After the company announces the transaction in accordance with the provisions of the preceding paragraph, one of the following circumstances shall, within two days from the date of the fact, report the relevant information to the designated website of the competent authority:
 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 3. Change to the originally publicly announced and reported information.

Article 17. The subsidiaries of the company shall be operated in accordance with the following regulations

1. The Subsidiary shall also finalize and execute the “Acquisition or Disposal of Assets Processing Procedures” in accordance with the relevant provisions of the “Public Issuance or Disposal of Assets Handling Guidelines”.
2. If a subsidiary is not a publicly-issued company, the company acquires or disposes of the assets to reach the announcement standard set by the “public disposal company to acquisition or dispose of the asset management criteria”, and the company also operates the declaration on the behalf of the subsidiary.
3. The paid-in capital or total assets of the public company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 30, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Article 18. Penalty

The employee of the company undertakes to acquire and dispose of the assets in violation of the provisions of this procedure, and regularly submits the assessment according to the personnel management method and employee handbook of the company, and imposes penalties according to the circumstances.

Article 19. Implementation and revision

After the process has been approved by the board of directors, it will be sent to the supervisors and submitted to the shareholders' meeting for approval. If a director expresses dissent and has a record or written statement, the company shall send the



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director's objection information to the supervisors. In addition, when the procedures are submitted to the board of directors for discussion, the opinions of the independent directors should be fully considered. If the independent directors have objections or reservations, they should be stated in the proceedings of the board of directors.

If the company has set up an audit committee according to the law, and has set or amended the handling procedures for acquisition or disposing of assets, it shall be approved by more than one-half of all members of the audit committee and the board of directors shall make a resolution.

If the preceding paragraph is not approved by more than one-half of all members of the Audit Committee, it may be agreed by more than two-thirds of all directors, and the resolutions of the Audit Committee shall be stated in the minutes of the Board of Directors.

All members of the Audit Committee referred to in the third paragraph and all directors referred to in the preceding paragraph shall be counted as actual incumbents.

Article 20 Supplementary

If there are any outstanding issues in this processing procedure, it shall be operated in accordance with the relevant laws and regulations.