Altek Corporation

Procedures of the Acquisition or Disposal of Assets

Article 1 Purpose

The procedures governing the acquisition and disposal of Assets (hereinafter “the Procedures ") are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the relevant rules of competent authority.

Article 2 Scope of Assets

2.1 Securities: Including 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.
2.2 Real property (including land, houses and buildings, investment property, rights to use land) and equipment.
2.3 Memberships.
2.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.
2.5 Right-of-use assets.
2.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
2.7 Derivatives.
2.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
2.9 Other major assets.

Article 3 Definition

3.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under section 8 of Article 156-3, of the Company Act.
3.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3.4 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.
3.5 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.
3.6 Mainland China area investment: Refers to investments in the mainland China area

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

3.7 Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

3.8 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

3.9 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

3.10 Net Value: Refers to the item of owner's right belonging to the parent company in the latest financial statements of Altek Corporation (hereinafter "the Company") certified or reviewed by certified public accounts (hereinafter "CPA").

3.11 Total Assets: Shall be determined by the total assets of amount calculated in the latest parent company only or individual financial report subject to "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Article 4

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

4.1.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three (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.

4.1.2 May not be a related party or de facto related party of any party to the transaction.

4.1.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

4.2 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following:

4.2.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

4.2.2 When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the

case working papers.

4.2.3 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.

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

Article 5 Disposition Procedures for the Acquisition and Disposal of Securities

5.1 Appraisal procedures

5.1.1 Purchase, reserve and sell of the Company's securities shall be made subject to the Company's internal control system investment cycle, related operating regulations and the Procedures after the management unit conducts the feasibility assessment.

5.1.2 The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price.

5.2 Operating procedures

5.2.1 In the securities investment of the Company where the transaction amount for acquisition and disposal is lesser than NT$100 million, the transaction shall be approved by the general manager; When the transaction amount is between NT$100 million to NT$300 million, the transaction shall be approved by the chairman of board of directors; When the transaction amount for acquisition and disposal exceeds NT$300 million, the transaction shall be approved by the board of directors. Provided, for acquisition and disposal of government bonds, financial bonds, and commercial paper, banker 's acceptance, bonds or money market funds with repurchase or resale conditions, the transactions may be approved by the chief executive officer.

5.2.2 If the amount of the transaction reaches twenty (20) percent of the Company's paid-in capital or NT$300 million or more, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority (e.g. subscription of shares for setting up a company, domestic funds and overseas funds).

5.2.3 The calculation of the transaction amounts shall be done in accordance with Article 14, section 1, subsection 5 (14.1.5). 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 6 Disposition Procedures for the Acquisition or Disposal of Assets of Real Property, Equipment, or Right-of-Use Assets

6.1 Appraisal procedures

The Company acquire and dispose real property, equipment, or right-of-use assets thereof in accordance with internal control system fixed asset cycle and the processing procedures.

6.2 Operating procedures

6.2.1 The acquisition of real property, equipment, or right-of-use assets thereof shall be assessed by the user in advance and the capital expenditure budget shall be prepared. After signing the management unit, it shall be executed and

controlled according to the plan.

6.2.2 The disposal of real property, equipment, or right-of-use assets thereof shall be carried out by the user to conduct a feasibility assessment.

6.2.3 The acquisition or disposal of real property, equipment, or right-of-use assets thereof, the handling unit shall refer to the present value of the announcement, the present value of the assessment, the actual transaction price of the adjacent real estate, etc., and shall be determined after inquiry, price comparison and bargaining.

6.2.4 The acquisition or disposal of real property, equipment, or right-of-use assets thereof that it should be approved by general manager if the amount is less than NT$ 100 million; it should be approved by chairman if the amount is between NT$ 100 million to NT$300 million; it should be approved by board of directors if the amount is more than NT$ 300 million.

6.2.5 The Company acquired and disposed real property, equipment, or right-of-use assets thereof shall be submitted for verification according to the pre-examination authority, the user and the handling unit shall be responsible for the execution.

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

6.2.6.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

6.2.6.2 Where the transaction amount reaches NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

6.2.6.3 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 CPA shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

6.2.6.3.1 The discrepancy between the appraisal result and the transaction amount is twenty (20) percent or more of the transaction amount.

6.2.6.3.2 The discrepancy between the appraisal results of two or more professional appraisers is ten (10) percent or more of the transaction amount.

6.2.6.4 No more than three (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 six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.

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

6.2.7 The calculation of the transaction amounts shall be done in accordance with Article 14, section 1, subsection 5 (14.1.5). 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 7 Disposition Procedures for the transaction between related parties

7.1 Appraisal procedures

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to following the procedures specified in Article 5, Article 6 and Article 8, the Company also has to ensure that the necessary resolutions are adopted in accordance with this article and the reasonableness of the transaction terms is appraised. If the transaction amount reaches ten (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 Article 5, Article 6 and Article 8. When judging whether a trading counterparty is a related party or not, in addition to legal formalities, the substance of the relationship shall also be considered.

7.2 Operating procedures

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

7.2.1.1 The purposes, necessities and expected benefits for acquiring and disposing of assets.

7.2.1.2 The reason for choosing a related party as a counter party.

7.2.1.3 When acquiring real property or right-of-use assets from a related party, the Company shall evaluate the reasonableness of the scheduled terms and relevant documentations subject to paragraph one and paragraph two (7.2.1.1 and 7.2.1.2) under this subsection (7.2.1).

7.2.1.4 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 the related party.

7.2.1.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund utilization.

7.2.1.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding section (7.1).

7.2.1.7 Restrictive covenants and other important stipulations associated with the transaction.

7.2.1.8 The calculation of the transaction amounts referred to in this subsection (7.2.1) shall be made in accordance with Article 14, section 1, subsection 5 (14.1.5) herein. Items that have been approved by the audit committee and the board of directors need not be counted toward

the transaction amount.

7.2.1.9 With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, except pursuant to Article 6, section 2, subsection 4 (6.2.4) and have the decisions subsequently submitted to and ratified by the latest board of directors meeting.

7.2.1.9.1 Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

7.2.1.9.2 Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created in accordance with the provisions of the law, when a matter 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.

If the company or a subsidiary thereof that is not a domestic public company will have a transaction and the transaction amount will reach 10 percent or more of the company's total assets, the company shall submit the materials in the subparagraph 1 of paragraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the company or its subsidiaries or between its subsidiaries. The calculation of the transaction amount, which items have been approved by the shareholders meeting, the audit committee and the board of directors need not be counted toward the transaction amount.

7.2.2 Evaluation of the reasonableness of the transaction costs

7.2.2.1 The Company acquiring real property or right-of-use assets from a related party shall evaluate the reasonableness of the transaction costs by the following means:

7.2.2.1.1 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.

7.2.2.1.2 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 seventy (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.

7.2.2.2 Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph (7.2.2.1).

7.2.2.3 The Company that acquires real property or right-of-use assets from a

related party and appraises the cost of the real property or right-of-use assets in accordance with paragraph 1 (7.2.2.1) and paragraph 2 (7.2.2.2) shall also engage a CPA to check the appraisal and render a specific opinion.

7.2.2.4 When the results of appraisal conducted that the Company acquired real property or right-of-use assets in accordance with paragraph 1 (7.2.2.1) and paragraph 2 (7.2.2.2) of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 5 (7.2.2.5) and paragraph 6 (7.2.2.6) of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:

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

7.2.2.4.1.1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

7.2.2.4.1.2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

7.2.2.4.2 Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less

than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets.

7.2.2.5 Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with 7.2.2.1、7.2.2.2、7.2.2.3、7.2.2.4、7.2.2.7 are uniformly lower than the transaction price, the following steps shall be taken. Also, where the Company and a public company uses the equity method to account for its investment in the Company that have set aside special reserves as mentioned may not utilize the special reserves 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 has given its consent.

7.2.2.5.1 The Company shall set aside a special reserve in accordance with section 1 of Article 41 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. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under section 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.

7.2.2.5.2 Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.

7.2.2.5.3 Actions taken pursuant to subparagraph 1 (7.2.2.5.1) and subparagraph 2 (7.2.2.5.2) of this paragraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

7.2.2.6 When the Company obtains real property or right-of-use assets from a related party, it shall also comply with the paragraph 5 of this Article (7.2.2.5) if there is other evidence indicating that the acquisition was not an arm’s length transaction.

7.2.2.7 Where the Company acquires real property or right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with 7.2.1 and 7.2.2.1、7.2.2.2、7.2.2.3 do not apply:

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

7.2.2.7.2 More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date for the current transaction.

7.2.2.7.3 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.

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

Article 8 Disposition Procedures for the Acquisition or Disposal of Assets of Intangible Assets or Right-of-Use Assets or Memberships

8.1 Appraisal procedures

The Company acquired and dispose with intangible assets or right-of-use assets or memberships in accordance with internal control system fixed asset cycle and the processing procedures.

8.2 Operating procedures

8.2.1 To acquire and dispose with intangible assets or right-of-use assets or memberships, It should be evaluated by the user first, and did after approval. It is also necessary for the authority refer to fair market price and expert evaluation report, etc., and determined it after inquiry, price comparison and bargaining.

8.2.2 The acquisition or disposal of intangible assets or right-of-use assets or memberships that it should be approved by general manager if the amount is less than NT$ 100 million; it should be approved by chairman if the amount is between NT$ 100 million to NT$300 million; it should be approved by board of directors if the amount is more than NT$ 300 million.

8.2.3 The Company acquired and disposed intangible assets or right-of-use assets or memberships shall be submitted for verification according to the pre-examination authority, the user and the handling unit shall be responsible for the execution.

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

8.2.5 The calculation of the transaction amounts shall be done in accordance with Article 14, section 1, subsection 5 (14.1.5). 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 9 Disposition Procedures for the Acquisition and Disposal of Financial Institution’s Creditor Rights

Unless otherwise permitted by the board of directors, the Company is not allowed to have any transaction regarding the acquisition and disposal of financial institution’s creditor rights

Article 10 The Limited Investment Amount of the Company and its subsidiaries for non-operating Real Property, Right-of-Use Assets and Securities

10.1 The total investment amount of the Company and its subsidiaries for non-operating real property and right-of-use assets may not exceed fifty percent (50%) of the total amount of the Company’s net value together with the Company’s long liability term stated in the latest financial statements.

10.2 The total investment amount of the Company and its subsidiaries for all securities and each security may not exceed one hundred percent (100%) and fifty percent (50%) of the total amount of the Company's net value together with the Company's long liability term stated in the latest financial statements. The calculation of the total amount in the investment shall be based on the original investment cost.

Article 11 Disposition Procedures for the Acquisition and Disposal of Derivatives

11.1 Trading principles and strategies

The Company may conduct trading of Derivatives base on "hedging purpose" or "financial (trading) purpose". The Company may apply different risk position limits, forced stop loss points and accounting principles depending on different purpose of the transactions. When trading Derivatives for hedging purpose, it aims to lower the risks of owning the existing assets, debts or irrevocable promise as well as the when-issued trading；When holding or trading Derivatives for financial (trading) purpose, the Company wishes to earn the price difference from the transaction and will burden risks at the same time.

11.1.1 Types of derivatives

The Company is allowed to conduct trading of Derivatives by forward contracts, options, futures, FX (foreign exchange) swap and warrants as well as compound contracts combining the abovementioned products

11.1.2 Hedging strategies

For the Company's foreign position, it shall offset and even up internally first and then operate base on the net position. When conducting the Derivatives transaction, it shall base on hedging purpose and mainly choose the products that can avoid the risks incurred from the Company's business operation.

11.1.3 Segregation of duties

11.1.3.1 Operation staff(s)

Operation staff(s) shall be responsible for acquiring market information, judging the trends and identifying the risks as well as being familiar with the financial products, relevant laws and techniques. Also, operation staff(s) shall follow the supervisor's instructions from the management unit to conduct the transaction for the authorized position and keep the transaction record internally

11.1.3.2 Confirmation staff(s)

Confirmation staff(s) shall be independent to confirm the transaction and contact relevant settlement division of financial institutions to review the details of each transaction to complete the internal control system.

11.1.3.3 Settlement staff(s)

Settlement staff(s) shall be independent to notify the accounting department to process the accounting matters and arrange the payments for settlement when the transaction contracts are due.

11.1.3.4 Accounting staff(s)

Accounting staff(s) shall follow the general accounting principles to operate and make up financial statements as well as the measurement of transaction risks, supervision and disclosure.

11.1.4 Essentials of performance evaluation

11.1.4.1 Hedging transactions shall be evaluated twice a month periodically and financial (trading) transaction shall be evaluated once a week periodically. Evaluation reports shall submit to the supervisor in

charge of approval.

11.1.4.2 The basis for performance evaluation of hedging transactions shall base on the exchange rate cost on the book of the Company and the profits and losses incurred from Derivatives transaction. The basis for performance evaluation of financial (trading) transactions shall base on the actual profits and losses incurred therefrom and submit positions statements to managements each week for reference.

11.1.5 Total amount of derivatives contracts that may be traded and the maximum loss limit

11.1.5.1 Total amount of contracts

11.1.5.1.1 Total transaction amount of FX for hedging purpose:

The management unit shall be able to handle the Company's total position in order to avoid the risks for FX transactions. The total amount of FX transactions shall not exceed the net position of FX. The so called "net position of FX" shall include the foreign currency assets together with net liabilities expected to happen within half of year in the future besides the current net position. When exceeding the net position of FX mentioned above, it shall be submitted to board of directors for approval.

11.1.5.1.2 Total transaction amount for hedging interest rate:

The total transaction amount shall not exceed the company's borrowings in all currencies from banks together with the issued corporate bonds plus the corporate bonds expected to issue. The management unit may propose a transaction plan regarding the risks of interest rate if needed. For any transaction exceeding the abovementioned limit, it shall be submitted to the board of directors for approval.

11.1.5.1.3 Total transaction amount for financial (trading) purpose:

The Company is not supposed to conduct Derivatives transaction unless otherwise approved by the board of directors.

11.1.5.2 The maximum loss limit on total trading and for each individual contract:

The maximum loss limit on total trading is US$500 thousand；and the maximum loss limit on total trading is US$100 thousand.

11.2 Operational Procedures

11.2.1 Authorized amount, level and execution unit

11.2.1.1 The maximum transaction amount of FX for hedging purpose Representatives for executing the FN transactions and maximum transaction amount limit are as followings:

Authorized representatives for the transactions	Maximum transaction amount limit per day	Maximum authorized transaction amount for the accumulated non-charge off position
Chairman of the board of directors	Equal or More than US$10 million	US$10 million
General Manager	US$10 million	US$60 million
The supervisor of the	US$5 million	US$30 million

management unit		

For any transaction exceeding the limited or authorized maximum amount, it shall be reported to upper level representatives authorized for higher transaction amount for approval. If the transaction amount exceeds the highest limited or authorized maximum amount, it shall be submitted to the board of directors for approval.

11.2.1.2 The maximum transaction amount for hedging interest rate. Each transaction shall be approved by the supervisor subject to different transaction amount before processing. The total transaction amount shall not exceed the company's borrowings in all currencies from banks together with the issued corporate bonds plus the corporate bonds expected to issue. For any transaction exceeding the abovementioned limit, it shall be submitted to the board of directors for approval.

11.2.2 Standard operation procedures of the transactions

11.2.2.1 To confirm the trading positions.

11.2.2.2 To analyze the trend and make a judgement.

11.2.2.3 To decide the methods for avoiding the risks.

11.2.2.4 To acquire approvals for the transactions

11.2.2.5 To execute the transactions

Counterparty for the transactions: mainly shall be the financial institutions having transactions with the Company.

Authorized representatives: The authorized representatives shall seek for the supervisor's approval and then notify the financial institutions having business with the Company. No one is allowed to conduct the transactions except the authorized representatives.

11.2.2.6 Confirmation of the transactions:

The authorized representatives shall fill in the transaction receipt for the confirmation staff(s) to review the consistency between the authorized terms and the transaction receipt.

11.2.2.7 Accounting procedures:

The accounting department shall make accounting entries and log in the accounting transactions base on voucher for settlement and the relevant transaction certificates.

11.2.2.8 Settlement: After confirmation for the transactions, the management unit shall designate a staff for the settlement to prepare the payments and relevant receipts on the settlement date to settle at the mutually agreed price.

11.3 Risk management measures

11.3.1 Credit risk management

Unless approved by the chairman of the board of directors, the counter party shall limit to financial institutions in general.

11.3.2 Market risk management

The Company shall mainly focus on the financial products that are commonly traded in the world and avoid purchasing the very few special design products.

11.3.3 Liquidity risk management

In order to keep the market liquidity, the Company shall mainly choose financial products with higher liquidity (which can even up in the market at any time). The entrusted financial institutions shall have sufficient information and the ability to trade in any market.

11.3.4 Cash flow risk management

The Company shall confirm with the settlement staff(s) the transaction amount would not cause the insufficient of cash flow.

11.3.5 Operational risk management

The Company shall operate subject to the authorized transaction amount, operational procedures to avoid the operational risks.

11.3.6 Legal risk management

The Company shall operate subject to the relevant regulations for the Company's internal control system.

11.3.7 Product risk management

Operation staff(s) and bank of the counterparty shall have complete and accurate professional knowledge regarding the Derivatives transaction. The Company shall request the bank to fully disclose the risks to avoid losses from misusing the Derivatives.

11.4 Internal audit system

The internal audit staff(s) shall check the suitability of internal control of Derivatives transactions periodically and inspect monthly the compliance of the trading departments with the "Handling Procedure to Engage in the Transaction of Derivatives" and analyze the trading cycle in order to make the auditing report. For discovery of any material violation, the internal audit staff(s) shall notify the supervisors in written notices.

Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors.

Where an audit committee has been established in accordance with the provisions of the Act, the provisions of the preceding relating to supervisors shall apply mutatis mutandis to the audit committee.

11.5 Supervision

11.5.1 The general manager shall aware and supervise the risks of Derivatives transactions as well as control the risks at any time. Also, the general manager shall evaluate if the transaction performance has complied with the existing operation strategy and if the burden risks are within the permitted scope.

11.5.2 The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivates trading in accordance with its Procedures for Engaging in Derivatives Trading.

11.5.3 The Company shall keep log books for conducting the Derivatives transactions to specify the varieties of Derivatives, the transaction amount, the approval date of the board of directors and other matters that shall be evaluated carefully subject to the Procedures.

Article 12 Disposition procedures for conducting merger, demerger, acquisition or transfer of shares

12.1 Assessment and working procedures

12.1.1 When conducting a merger, demerger, acquisition, or transfer of shares, the Company shall invite a CPA, attorney and securities underwriter to mutually schedule an estimated agenda for processing procedures subject to the law. Prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. A CPA, attorney, or securities underwriter and counterparty shall not be a related party.

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

12.1.2 When participating in a merger, demerger, acquisition, or transfer of shares, the Company 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 the preceding subsection(12.1.1) 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 the 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 Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

12.2 Other matters that shall take care with caution

12.2.1 The date of the meeting for the board of directors and shareholders:

12.2.1.1 When participating in a merger, demerger or acquisition, the Company shall convene a board of directors' meeting and shareholders' meeting on the same day as the other companies participating in a merger, demerger, or acquisition do to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.

12.2.1.2 When participating in a transfer of shares, the Company shall call a board of directors meeting on the same day as the other companies participating in a transfer of shares do, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.

12.2.1.3 When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a full written record of the following information and retain it for five (5) years for reference:

12.2.1.3.1 Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of shares prior to the disclosure of information.

12.2.1.3.2 Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors' meeting.

12.2.1.3.3 Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter

of intent or memorandum of understanding, material contracts, and minutes of board of directors' meetings.

12.2.1.4 The Company shall, within two (2) days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs one and two (12.2.1.3.1~12.2.1.3.2) of the preceding paragraph (12.2.1.3) to the competent authority for recordation.

12.2.1.5 For a counter company that participate in merger, demerger, acquisition, or transfer of shares with the Company which is not a listed company or trading securities on the Securities Market, the Company shall sign an agreement with the counter company and operate in accordance with paragraph three and four (12.2.1.3~12.2.1.4) under this subsection (12.2.1).

12.2.2 Undertaking of Confidentiality prior to the enforcement of the project: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

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

12.2.3.1 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 on securities.

12.2.3.2 An action, such as a disposal of major assets that affects the Company's financial operations.

12.2.3.3 An event, such as a major disaster or major change in technology that affects shareholder equity or share price.

12.2.3.4 An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

12.2.3.5 An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

12.2.3.6 Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

12.2.4 Contents to be specified in the contract: The contract for participation in a merger, demerger, acquisition, or of shares shall specify those stipulated in Article 317-1 of the Company Act and Article 22 of the "Business Mergers and Acquisitions Act as" well as the following:

12.2.4.1 Handling of breach of contract.

12.2.4.2 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.

12.2.4.3 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.

12.2.4.4 The manner of handling changes in the number of participating entities or companies.

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

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

12.2.5 Variation of the number of companies participating in merger, demerger, acquisition, or share transfer: 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.

12.2.6 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 2.1(The date of the meeting for the board of directors) , Article 2.2(Undertaking of Confidentiality prior to the enforcement of the project), and Article 2.5(Variation of the number of companies participating in merger, demerger, acquisition, or share transfer).

Article 13 Written Record

13.1 The Company's acquiring and disposing of assets which shall be approved by the board of directors' subject to the Procedures and other relevant laws and regulations, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each independent director. When the transactions for acquiring and disposing of assets are submitted for discussion by the board of directors' subject to the Procedures, the board of director shall take into full consideration of each independent director's opinion. 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.

13.2 If the Company's manager and the management unit has violated the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the competent authority or the Procedures when acquiring or disposing of the Company's assets, that employee shall be punished subject to the working rules and the related regulations for human resources management personnel of the Company.

Article 14 Public Announcement and Regulatory Filing

14.1 Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2

days counting inclusively from the date of occurrence of the event:

14.1.1 Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches twenty (20) percent or more of paid-in capital, ten (10) percent or more of the Company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.

14.1.2 Mergers, demergers, acquisitions, or transfer of shares.

14.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more.

Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on related land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT$500 million.

14.1.4 Where an asset transaction other than any of those referred to in the preceding three subsections (14.1.1~14.1.3), a disposal of receivables by a financial institution, or an investment in the mainland China area reaches twenty (20) percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:

14.1.4.1 Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.

14.1.4.2 Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by domestic securities investment trust enterprises.

14.1.5 The amount of transactions in the preceding four subsections (14.1.1~14.1.4) above shall be calculated as follows. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.

14.1.5.1 The amount of any individual transaction.

14.1.5.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

14.1.5.3 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets within the same development project within the preceding year.

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

14.2 The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by company and any subsidiaries

that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority by the tenth (10^{th}) day of each month.

14.3 When the Company at the time of public announcement makes an error or omission in an item required by procedures to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

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

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

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

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

14.5.3 Change to the originally publicly announced and reported information.

Article 15 The Company's subsidiaries are required to carry out the following provisions:

15.1 The subsidiary shall follow the Company's regulations and procedures when acquiring or disposing of assets.

15.2 Acquisitions and disposals of assets by the subsidiary that is not a public company in Taiwan shall be reported by the parent company when the acquisitions and disposals of assets by the subsidiary reaches the standard for public announcement and regulatory filing specified in the previous articles or relevant laws and regulations.

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

15.4 In the case of the Company's shares having no par value or a par value other than NT$10, for the calculation of transaction amounts of twenty (20) percent of paid-in capital under the Procedures, ten (10) percent of equity attributable to owners of the parent shall be substituted.

Article 16 Enforcement

The audit committee has been established by the Company in accordance with the provisions of the Act, when the procedures are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

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

The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

After the procedures have been approved by the board of directors and then to a shareholders' meeting for approval; the same applies when the procedures are amended. When the procedures are submitted for discussion by the board of directors pursuant to

the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

The Procedures were duly amended on May 27, 2002 as the 1st amendment.
The Procedures were duly amended on June 5, 2003 as the 2nd amendment.
The Procedures were duly amended on June 13, 2007 as the 3nd amendment.
The Procedures were duly amended on June 13, 2012 as the 4th amendment.
The Procedures were duly amended on June 19, 2014 as the 5th amendment.
The Procedures were duly amended on June 17, 2016 as the 6th amendment.
The Procedures were duly amended on June 16, 2017 as the 7th amendment.
The Procedures were duly amended on June 13, 2019 as the 8th amendment.
The Procedures were duly amended on June 17, 2022 as the 9th amendment.