

Accton Technology Corporation

Procedures for Acquisition and Disposal of Assets

Article 1: Legal Compliance

The Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and the "Regulations Governing the Acquisition and Disposal of Assets for Public Issuing Companies" by the Financial Supervisory Commission (hereinafter referred to as "FSC").

Article 2: Scope of Assets

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

Article 3: Definition of Terms

1. Derivatives: refers to the forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts derived from specific interest rate, financial instrument price, commodity price, foreign exchange rates, price or rate indices, credit rating or credit indices, or other variables, compound contracts combining the above-mentioned contracts, or a compound contract embedded with a derivative product or a composite contract formed by a structured product, etc. The "forward contracts" here do not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, and long-term purchase/sale contracts.
2. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfers of shares in accordance with law: This refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts. This also includes the transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as "transfer of shares") under Article 156-3 of the Company Act.
3. Related Party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
5. Professional appraiser: Refers to a real property appraiser or another person duly authorized by the laws to engage in the value appraisal of real property or equipment.
6. 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 counterparty and monetary amount of the transaction, whichever date is earlier. However, 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.
7. 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.
8. "Within the preceding year" refers to the year preceding the date of the current asset acquisition or disposal. Items duly announced in need not be counted toward the transaction amount.
9. "Most recent financial report" refers to the publicly disclosed financial statements that have been reviewed or audited by a certified public accountant according to the law prior to the acquisition or disposal of assets.
10. Professional investors: Refers to establishments in accordance with the law and managed by the local financial authority, including financial holding companies, banks, insurance companies, bills finance companies, trust companies, securities firms engaged in proprietary trading or underwriting business, futures companies engaged in proprietary trading, securities investment trust business, securities investment consulting business and fund management companies.
11. Stock Exchange: The domestic stock exchange refers to the Taiwan Stock Exchange Corporation; foreign stock

exchanges refer to any organized stock exchange markets managed by the securities authorities of the countries.

12. Business premises of securities companies: Business premises of domestic securities firms refer to places where securities firms shall set up counters to conduct transactions in accordance with the provisions of measures governing the securities trading at the business premises of securities firms; business premises of foreign securities firms refer to the business premises of financial institutions which are managed by a foreign securities authority and may engage in securities business.

Article 4: Investment Scope and Amount

1. The Company and its subsidiaries acquiring or disposing of assets, where asset type are land, factory, equipment for business use, the amount will not be limited; for short-term capital movement, the net value of short-term securities shall not be more than 40% of the Company's net worth, and the counterparty or object of each transaction shall not be more than 20% of the Company's net worth.
2. The Company and its subsidiaries may purchase real properties and right-of-use assets for non-business use with an amount not exceeding 40% of the Company's paid-up capital.
3. Long-term equity investment of the Company and its subsidiaries shall not exceed 150% of the net worth the Company concerned.
4. However, for subsidiaries whose business is investment, the total short-term securities and long-term equity investment shall not exceed 200% of the Company's net worth.

Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters who provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements.

1.No violation of the Securities and Exchange Law, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Commercial Accounting Act, or any fraud, breach of trust, embezzlement, forgery of a document or a business criminal act with a declaration of fixed-term imprisonment of not less than one year confirmed. Except for those who have completed the execution or who have completed the probation or have been pardoned for three years.

2.The parties to the transaction shall not be related party or have material connections.

3.If appraisal reports from at least two professional appraisal companies are needed by the Company, the professional appraisers or appraiser personnel shall not be related parties of each other or substantive related parties.

When issuing an appraisal report or a written opinion, the personnel mentioned in the preceding paragraph shall have it handled as the self-discipline standards of the Company's associations and the follow matters:

1.Before accepting a case, one should carefully assess one's own professional competence, practical experience and independence.

2.When executing cases, the appropriate operating procedure should be properly planned and implemented so as to form a conclusion and issue a report or a written opinion accordingly;opinion; accordingly, and the implemented procedure, collected information and conclusions shall be reported in details in the working paper of the case.

3.The appropriateness and reasonableness of the data sources, parameters and information used shall be assessed on a case-by-case basis as the basis for issuing appraisal reports or written opinions.

4.The declaration shall include the professionalism and independence of the relevant personnel, the assessment of the appropriateness and reasonableness of the information used and the compliance with the relevant laws and regulations.

Article 6:

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 stipulated procedures or other laws or regulations, if a director expresses dissent and it is recorded in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created by the Company, 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 meeting minutes of the Board of Directors.

After the Audit Committee has been established in the Company, 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. If approval of more than half of all Audit Committee members is not obtained, it 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 meeting minutes of the Board of Directors.

The terms "all Audit Committee members" and "all directors" in Paragraph 3 shall be counted as the actual number of persons currently holding those positions..

Article 7: Procedures for Handling Acquisition and Disposal of Real Property and Equipment

1. Appraisal and operating procedures

- (1) Procedures for acquisition of fixed assets: Acquiring real property and equipment shall be handled in accordance with the procurement process (shall refer to the announced current value, assessed value, actual transaction price of neighboring real property, etc.); for amount of NT\$50 million or lower, approval shall be obtained from the President; for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.
- (2) Procedures for disposal of fixed assets: For disposing or selling real property and equipment, the original user unit shall submit a request stating the reason, for the asset administrative unit to inquire, compare and negotiate the price; for book value or appraised value of NT\$50 million or below, approval from the President shall be obtained; for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.

2. Determination procedures for transaction terms

- (1) When the Company intends to acquire or dispose of land or buildings, it shall first obtain an appraisal report from an objective, fair and independent professional real property valuation organization. If a transaction amount exceeds NT\$1 billion, appraisals from two or more professional valuation organizations shall be obtained. If an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, it shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the originally announced transaction amount and appraisal result shall be amended and reported. Engaging an expert to issue a report shall be handled in accordance with Paragraph 4 of this Article.
- (2) Shall be handled in accordance with Article 6 of the Procedures.

3. Implementing unit

The head of the President's Office shall convene the relevant personnel to handle matters regarding the acquisition, sale and disposal of fixed assets of the Company and its subsidiaries, if the amount is within the limit stipulated in Article 4.

- (1) Real properties: The President's Office and general affairs units.
- (2) Equipment: User unit to submit a request for the procurement unit to process.

4. Appraisal report for real property or equipment

In acquiring or disposing of real property, equipment, or its right-of-use assets thereof where the transaction amount reaches 20% 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 (please refer to Appendix 1 for items to be recorded in the appraisal report) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (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.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (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 certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the

transaction amount.

- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, 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.
- (5) If 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 certified public accountant's opinion.

Article 8: Procedures for Handling Acquisition and Disposal of Securities Investment

1. Appraisal, operating procedures, and level of authorization

- (1) Procedures for acquisition and disposal of long-term equity investment: For acquiring and disposing long-term equity investment, the implementing unit shall assess and recommend in accordance with investment regulations, as well as prepare an unrealized profit and loss analysis report for long-term and short-term securities; for amount of NT\$50 million or below, approval shall be obtained from the President; for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.
- (2) Procedures for acquisition and disposal of short-term equity investment: For investing and disposing of short-term equity investment, the implementing unit shall fully evaluate the relevant information and prepare a long-term and short-term securities unrealized profit and loss analysis report before execution. However, financial operations belonging to short-term capital movement (securities with guaranteed principal and interest such as buying and selling of money market fund, quasi money market fund, bond, bill (bond) with repurchase (reverse repurchase) agreement, certificate of deposit, etc.) require approval from the highest management of the finance management; for acquiring and disposing other short-term securities of amount of NT\$50 million or below, approval shall be obtained from the President; for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.

2. Determination procedures for transaction terms

- (1) For acquisition and disposal of securities investment with the transaction amount of NT\$300 million or below, the implementing unit shall fully assess the reasonableness of its trading terms, and handle in accordance with paragraph 1 of this Article; for transactions with the amount over NT\$3 billion, they shall be handled in accordance with paragraph 4 of this Article. However, the aforementioned limit does not apply for: purchase or selling of open-ended domestic beneficiary certificate or offshore mutual funds from the centralized market or securities firms, original subscription (include set up subscription and cash capital increase subscription), securities of the issuing company, from public sale conducted to meet the criteria governing the dispersion of share ownership for listing, and buying and selling of bonds.
- (2) Shall be handled in accordance with Article 6 of the Procedures.

3. Implementing unit

Matters pertaining to securities investment and disposal by the Company and its subsidiaries, if the amount is within the limit stipulated in Article 5, the head of President's Office shall convene the relevant financial units for the relevant personnel to execute the tasks.

4. Obtaining expert opinion

- (1) The Company acquiring or disposing of securities of transaction amount exceeding 20% of the Company's paid-in capital or NT\$300 million shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of FSC.
- (2) If 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 certified public accountant's opinion.

Article 9: Procedures for Handling Related Party Transactions

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 in accordance to Article 7, Article 8, Article 10 and this Article, the Company shall also obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in compliance with the provisions of the Article 7, Article 8 and Article 10 if the transaction amount reaches 10% or more of the Company's total assets. The calculation of the transaction amount referred to in this Article shall be made in accordance with Article 11 herein. When making judgments on whether a trading counterparty is a related party or not, in addition to legal

formalities, the substance of the relationship shall also be considered.

2. Appraisal and operating procedures

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

- (1) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a trading counterparty.
- (3) With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) to (4) and Subparagraph (6) of this Article.
- (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.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, an evaluation of the necessity of the transaction, and the reasonableness of the fund's utilization.
- (6) An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with Paragraph 1 of this Article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

When the Company or its subsidiaries that are not public companies in Taiwan involve in a transaction mentioned in Paragraph 1 and the transaction amount exceeds 10% of the total assets held by the Company, the Company shall report all information specified in Paragraph 1 to the shareholders meeting for approval, and approval and may only proceed to the signing of contracts or payments only after approval. However, the above shall not be subject to transactions between the Company and its subsidiaries, or between its subsidiaries

The calculation of the transaction amounts referred to in Paragraph 2 and the preceding paragraph of this Article shall be made in accordance with Article 30, Paragraph 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting and the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

For the following transactions carried out between the Company and its parent company, its subsidiaries, or subsidiaries with 100% direct or indirect holding of the issued shares or total capital, the chairman may be authorized the right of prior resolution within a certain limit by the board of directors in accordance with Article 7, Paragraph 1, Subparagraph 3 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and submit such proposal to the most recent board of directors meeting for recognition afterwards.

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

Where the position of independent director has been created in the Company, and when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to Paragraph 2 of this Article, each independent director's opinions shall be taken into full consideration. 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. After the Audit Committee has been established in the Company, the matters for which Paragraph 2 of this Article requires 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 approval. If approval of more than half of all Audit Committee members is not obtained, it 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" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

3. Evaluation of the reasonableness of transaction costs

- (1) The Company shall evaluate the reasonableness of transaction costs by the following means in acquiring real

property or right-of-use assets from a related party:

1. Based upon the related party's transaction price plus necessary interest in 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% 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.
- (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.
- (3) The Company acquiring real property or right-of-use assets from a related party shall appraise the cost of the real property or right-of-use assets in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article and shall engage a certified public accountant to check the appraisal and render a specific opinion.
- (4) When the Company acquires real property or right-of-use assets from a related party and the results of the Company's appraisal conducted in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 3, Subparagraph (5) 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 certified public accountant, this restriction shall not apply:
1. Where the related party acquires undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Transaction cases by unrelated parties within the preceding year involving other floors of the same property, 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 real property trading or lease practices.
 2. Where the Company provides evidence that the real property bought or right-of-use assets of real property acquired by lease from the related party has equivalent trading conditions with other non-related party's transaction cases in the neighborhood within one year and has similar size. Transaction cases 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 transaction cases by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to one year from the actual date of acquisition of the real property or right-of-use assets.
- (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 the provisions of Subparagraphs 1 to 4, and Subparagraph 6 of this Article are uniformly lower than the transaction price, the following steps shall be taken: The Company as well as public companies that use equity method to assess the investments to the Company, which has set aside a special reserve in the preceding paragraph, may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or terminated with lease contract, 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.
1. A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 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.

2. Supervisors shall comply with Article 218 of the Company Act. After the establishment of the Audit Committee, the preceding paragraph of this Article shall be applicable mutatis mutandis to the independent directors of the Audit Committee.
 3. Actions taken pursuant to Items 1 and 2 of this subparagraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (6) 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 Paragraphs 1 and 2 of this Article pertaining to appraisal and operating procedures; and Subparagraphs (1) to (3) of Paragraph 3 of this Article pertaining appraisal of reasonableness of transaction cost do not apply:
1. The related party acquired the real property or right-of-use assets through inheritance or as a gift.
 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date for the current transaction.
 3. The real property is acquired through the 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 indirectly holding 100% of the issued shares or total capital, acquire real property right-of-use assets for business use.
- (7) When the Company obtains real property from a related party, it shall also comply with the Paragraph 3, Subparagraph (5) of this Article if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 10: Procedures for Handling Acquisition and Disposal of Intangible Assets or Right-of-Use Assets or Membership

In principle, the Company does not engage in any acquisition or disposal of membership. If the Company intends to acquire or dispose of membership in the future, it shall be submitted to the Board of Directors for approval before the establishment of corresponding appraisal and operating procedures.

1. Appraisal and operating procedures

- (1) Procedures for acquisition of intangible assets or right-of-use assets: Acquiring intangible assets or right-of-use assets shall be handled in accordance with the procurement process; for the amount of NT\$50 million or below, approval shall be obtained from the President; for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.
- (2) Procedures for disposal of intangible assets or right-of-use assets: For disposal or sale of intangible assets or right-of-use assets, the original user unit shall submit a request stating the reason, for the asset administrative unit to inquire, compare and negotiate the price. For book value or appraised value of NT\$50 million or below, approval shall be obtained from the President; for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.

2. Determination procedures for transaction terms

- (1) Where the Company acquires or disposes intangible assets or right-of-use assets and the transaction amount reaches 20% or more of the Company's 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.
- (2) Shall be handled in accordance with Article 6 of the Procedures.

3. Implementing unit

Acquiring and disposing of intangible assets shall be handled in accordance with the procedures stated in Paragraphs 1 and 2, and the head of the President's Office shall convene the relevant personnel for handling.

Article 11: The calculation of the transaction amount in Article 7, Article 8 and Article 10, shall be based on Article 31, Paragraph 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", 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 certified public accountant's opinion has been obtained need not be counted toward the transaction amount.

Article12: Procedures for Handling Acquisition and Disposal of Claims of Financial Institutions

In principle, the Company does not engage in any acquisition or disposal of claims of financial institutions. If the Company intends to acquire or dispose of claims of financial institutions in the future, it shall be submitted to the board of directors for approval before the establishment of corresponding appraisal and operating procedures.

Article13: Procedures for Handling Acquisition and Disposal of Derivative Products

1. Trading principles and methods

(1) Transaction types

1. The Company's derivatives products refer to transaction contracts (such as forward contracts, options contracts, futures contracts, swap contracts, and compound contracts combining the above products), whose value is derived from assets, interest rates, foreign exchange rates, indexes, or other interests, and do not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, and long-term purchase (sales) agreements.
2. Matters pertaining to bond margin trading shall be handled in accordance with the relevant provisions of the Procedures. The Procedures is not applicable for trading of securities with repurchase agreement.

(2) Operating (hedging) strategies

1. The Company's derivatives product transactions comprise of two types, namely "hedging" and "investment" purpose, each with different risk position limit, compulsory stop-loss limit and accounting principles. The former refers to reducing the risk from existing assets, liabilities or non-cancellable commitments, or when-issued trading, through product transaction; while the latter refers to holding or issuing derivatives products for the purpose of gaining from price difference from product transaction and acceptance of risk.
2. The Company's profit shall come from normal operation, hence foreign exchange operations of derivatives products shall be squared off in the Company's overall internal position (refers to foreign exchange income and expenditure), to reduce the Company's overall foreign exchange risk and reduce foreign exchange operating cost.

(3) Scope of responsibilities

1. Finance department:

(1) Powers and responsibilities

Senior management personnel of Assistant Vice President (inclusive) and above from the Finance and Administration Center to pay continuous attention to monitoring and controlling derivatives trading risk

(2) Implementing unit

Due to the nature of ever-changing derivatives products, the potential transaction risk and calculation of gain and loss are also rapidly changing and highly complex, and involves the Company's account receivable and payable information; hence, execution shall be handled by financial personnel. This does not apply to other non-financial personnel authorized by the President in handling derivatives trading.

(3) Trading personnel

- A. In charge of establishing foreign exchange operations strategies for the entire company.
- B. In response to the unpredictable foreign exchange market, the finance department shall collect the relevant information at all times, determine the trend, conduct risk assessment, be familiar with financial products and laws and regulations, consider the Company's foreign exchange position, and establish operational strategies for the President's approval, to be used as basis for avoiding risk.
- C. Based on the Company's turnover, import and export volume, determine foreign exchange position, set periodic (monthly or quarterly) bottom line for risk aversion so as to reduce the level of risk exposure of foreign exchange position.
- D. Carry out various hedging transactions in accordance with authorization.
- E. When there are major changes in the financial market or when the trading personnel determine the existing strategies are no longer appropriate, evaluation reports shall be presented and strategies re-established in order to be used as the basis of transaction upon approval by the President.

(4) Accounting personnel

- A. Execute trading confirmation.
- B. Review whether transaction is executed in accordance with authorization and existing strategies.
- C. Accurately grasp the foreign exchange position and cost that have occurred to the Company to provide the finance department with hedging basis.

Accounting treatment.

- D. Report and disclose information in accordance with the regulations of Securities and Futures Bureau, FSC.

(5) Settlement personnel: Execute settlement duties.

(6) Authorization limit and level of derivatives products:

- A. Authorization limit and level of derivatives products (hedging, investment transactions):

Hedging transactions limit

Authorizing personnel	Daily trading permission	Accumulated open interest trading permission
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Chairman	USD 150 million	USD 450 million
President	USD 100 million	USD 300 million
Vice President - Finance	USD 60 million	USD 150 million

If the daily trading amount or accumulated open interest exceeds the authorization limit, approval shall be obtained from personnel with the corresponding authorization limit. For transactions exceeding the above authorization, approval shall be obtained from the board of directors.

When there are changes in the aforementioned personnel, approval shall be obtained from the President and Chairman.

Investment limit

Foreign exchange transaction's authorizing personnel and trading limit are the same as that of the hedging transaction.

B. In accordance with Article 6 of the Procedures.

2. Audit department

(1) The Company's internal audit personnel shall periodically assess the suitability of the internal controls on derivatives and conduct monthly audits on the derivatives trading to ensure proper adherence to the Procedures, analyze trading cycles, and prepare an audit report. If any material violation is discovered, the supervisors shall be notified in writing.

(2) The internal audit personnel shall submit the audit report and annual review on internal audit procedures to the competent authority of securities before the end of February in the subsequent year, and submit improvement status of abnormal events to the competent authority of securities for recordation by the end of May of the subsequent year.

Upon the establishment of an independent director, the Company shall notify the Independent Director in writing of the matters notified to the supervisors in accordance with the preceding paragraph.

After the company has set up an audit committee, the first provision for supervisors shall apply mutatis mutandis to the Audit Committee.

3. Performance evaluation

(1) Hedging transaction:

A. Performance evaluation is based on the profit or loss generated from the book value of the Company's exchange rate cost and transactions of derivative financing.

B. To fully control and express the evaluation risk of trading, the Company adopts the monthly evaluation method to assess the profit and loss.

C. Finance department shall provide the President with foreign exchange position valuation and foreign exchange market trend and analysis on a monthly basis as management reference and instruction.

(2) Investment transaction:

Actual profit and loss shall be used as the basis for performance evaluation, and regular reports of the position shall be prepared as a reference for the management.

4. Setting of total contract value and stop-loss limit

(1) Total contract value

A. Hedging transactions limit

The finance department shall control the Company's overall position to avoid trading risk. Hedging transaction amount shall not exceed the total import and export transactions for 6 months, plus the total foreign currency asset and liability due within the next half year.

B. Investment transaction limit

Pertaining to prediction of market movement, the finance department may establish exchange rate and interest rate risk transaction plan where necessary, and submit to the President and Chairman for approval.

Trading amount shall not exceed 20% of the Company's net worth.

(2) Setting stop-loss limit

A. For hedge trading, the individual contract stop-loss amount shall not exceed US\$100,000 or 5% of the contract amount, whichever is lower.

B. For investment contract, if all contracts' loss amount exceeds 5% of the transaction amount, the relevant top management shall be convened immediately to discuss on countermeasures. The individual contract stop-loss amount shall not exceed US\$100,000 or 5% of the transaction amount, whichever is lower.

2. Risk management procedures

(1) Credit risk management: As operating risks in derivative products are easily affected by various market factors, the following principles in terms of market risk management shall be complied:

- (1) The Company shall place orders mainly through internationally renowned banks.
- (2) Products to be traded are limited to products provided by internationally renowned banks.
- (3) Orders placed in the same bank shall not exceed US\$20 million, unless approval is obtained from the President and Chairman.
- (2) Market risk management: The market is dominated by open foreign exchange market between banks and customers.
- (3) Liquidity risk management: To ensure transaction liquidity, financial instruments with high liquidity (i.e., able to square off in the market at all times) should be given priority, and the trading bank needs to have sufficient information and ability to trade in any markets at all times.
- (4) Cash flow risk management
To ensure that the Company maintains a stable level of operational funds, the Company shall only engage in derivative trading with its own funds, and the trading volume shall take into consideration the demand for funds based on the cash flow forecasts for the next three months.
- (5) Operational risk management
 - (1) The Company's authorized transaction amount and operating procedures shall be fully complied, and internal audit shall be undertaken to avoid operational risk.
 - (2) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
 - (3) Risk measurement, monitoring, and control personnel shall be assigned to personnel of different departments from the preceding subparagraph, and shall report to the Board of Directors or senior management personnel with no responsibility in trading or position decision-making.
 - (4) 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.
- (6) Product risk management
Internal traders shall possess complete and accurate professional knowledge on financial products, and require banks to sufficiently disclose risks involved to avoid the risk of utilizing inaccurate financial products.
- (7) Legal risk management:
To prevent legal risks, any document signed with a financial institution shall be inspected by a foreign exchange department and legal department or legal consulting experts prior to official signing.

3. Internal audit system

- (1) The Company conducts internal audits on derivatives in order to assist the unit heads to comprehend if their subordinates, while handling businesses and verifying operations, comply with the laws and regulations and the Company's internal regulations so as to provide timely suggestions for improvement and enhance management performance.
- (2) Duties of audit personnel:
 1. Regular operational checks.
 2. Unscheduled review of abnormal movements and special circumstances.
 3. Assessment of procedures of internal management and control.
 4. Understanding and acquisition of proper accounting records.
 5. Comprehension of the efficacy execution and command by all units.
 6. Submission of relevant reports and recommendations.
- (3) The scope of audit includes audit work of account opening and account management of derivatives products, trading cycle, margin management, clearance and settlement management, computer operation and information management, accounting and cashier operations.
- (4) Execution of audit work and issuance of audit report:
 1. When internal auditors conduct inspection tasks, they may retrieve different types of data files, and the inspected units shall fully cooperate without rejection or concealment to ensure the accuracy and timeliness of the information.
 2. After the internal auditors complete each inspection, they shall prepare an inspection report to present the deficiencies which have been discovered and propose suggestions for improvement, and continue to follow up with the correction conditions. Such information will serve as a reference for senior supervisors to adopt timely countermeasures.

4. Regular evaluation methods

- (1) The Board of Directors shall authorize senior managers to periodically supervise and evaluate whether the transactions of derivative products are in compliance with the Company's prescribed handling procedures and whether the risks borne are within a permitted scope. In case abnormalities are found in the market price

evaluations (e.g., the positions held have exceeded the stop-loss limit), the Board shall be notified immediately and necessary measures shall be taken.

- (2) Positions held in derivatives trading shall be assessed at least once per week. For hedging trades held for business needs, the assessment shall be undertaken at least twice per month. The evaluation report shall be submitted to the senior managers authorized by the Board of Directors.

5. Supervision and management by the Board of Directors in derivative trading

- (1) The Board of Directors shall designate senior management personnel to monitor and control derivative trading risk at all times, including:
 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the procedures for engaging in derivatives trading formulated by the Company.
 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has established the position of independent directors, an independent director shall be present at the meeting and express an opinion.
- (2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
- (3) The Company shall report at the latest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivative trading in accordance with the procedures for engaging in derivatives trading.
- (4) While engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Paragraph 4, Subparagraphs (1), and Paragraph 5, Subparagraphs (1) and (2) of this Article shall be recorded in detail in the log book.

6. Public disclosure and accounting principles

- (1) By the tenth day of each month, the Company shall publish the Company's derivatives trading information of the previous month (include hedging and investment) and operations of the current month on the official website.
- (2) Accounting principles
 1. The main objective of the Company's accounting policies of the derivatives products is to fairly present the transaction process and economic results in accordance with the Generally Accepted Accounting Principles and relevant laws and regulations, with complete books and vouchers and accounting records, and based on different transaction natures and methods.
 2. "Investment" accounting guidelines are for derivatives trading that do not meet the conditions of hedging, and the gain or loss from contract price change shall be recognized during the change, and calculated using the Lower of Cost or Market (LCM) method.
 3. "Hedging" accounting guidelines emphasize on handling of change in the product's contract price, and shall be handled as per that of hedged item. The valuation of general asset and liability is based on cost, and its gain or loss from market movement is normally recognized upon disposal. Hence, the price change of product contract shall also be recognized when the gain or loss of the hedged item is recognized, which is also referred to as deferral method.
 4. When preparing periodic financial report (including annual, semi-annual, quarterly financial report and consolidated financial report), engaging in derivatives trading for holding or issuance purpose shall be disclosed based on product type, in the general related matters of the notes to the financial statements, in accordance with "Guidelines on Information to be Disclosed in Financial Reports of Public Companies engaging in Derivative Products Trading".

Article 14: Procedures for Handling Mergers, Demergers, Acquisitions, and Transfer of Shares

1. Appraisal and operating procedures

- (1) When the Company conducts a merger, demerger, acquisition, or transfer of shares, it shall engage a certified public accountant, attorney, and securities underwriter to establish a timeline for legal procedures, and form a project group to carry out the transaction in accordance with the laws and regulations. Prior to convening the Board of Directors to resolve on the matter, the certified public accountant, attorney, or securities underwriter shall 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 for resolution. However, if the intended merger is with a subsidiary whose outstanding shares or total capital is directly or indirectly wholly owned by the Company, or the merger is between subsidiaries whose outstanding shares or total capital is directly or indirectly wholly owned by the Company, the aforementioned expert opinion may be exempted.

(2) The Company shall prepare a public report detailing important contractual content and matters relevant to the merger, demerger, or acquisition and send a notification prior to the shareholder meeting together with the expert opinion referred to in the preceding paragraph as reference material. However, where a provision of another act exempts the Company from convening a shareholder 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 as a result of a 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 important matters

- (1) Date of the Board meeting: When participating in a merger, demerger, or acquisition, unless otherwise provided by another law or regulation or that the competent authority of securities is notified in advance of extraordinary circumstances and grants consent, the Company shall convene a Board meeting and a shareholders' meeting and pass resolutions regarding merger, demerger or acquisition and relevant matters on the same day with companies participating in a merger, demerger, acquisition or share transfer. A company participating in a transfer of another company's shares shall call a Board meeting on the day of the transaction unless another law or regulation provides otherwise or the competent authority grants consent for special circumstances in advance.
- (2) Confidentiality agreement: 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.
- (3) Establishment and amendment policies for share exchange ratio or acquisition price: When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall engage a certified public accountant, 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 shareholders' meeting prior to convening the Board of Directors of both parties. The share exchange ratio or acquisition price may not be arbitrarily altered unless under other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. Conditions permitting the arbitration of the share exchange ratio or acquisition price are:
 1. Cash capital increases or the issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 2. An action, such as a disposal of major assets that affect the Company's financial operations.
 3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buy back treasury stock.
 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Matters required to be recorded in the contract: Contracts of merger, demerger, acquisition, or transfer of shares of enterprises; besides being in accordance with Article 317-1 of the Company Act and Article 22 of Business Mergers and Acquisitions Act, the contract shall also record the following:
 1. Handling of breach of contract.
 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.
 3. The amount of treasury stock participating companies are permitted under law to buy back after the recorded date of calculation of the share exchange ratio, and the principles for the handling thereof.
 4. The manner of handling changes in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution and the anticipated completion date.
 6. Scheduled date for convening the legally mandated shareholders' meeting and relevant procedures if the plan exceeds the deadline without completion.
- (5) When there are changes in the numbers of companies involved in the 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 to further 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. However, if 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 the matter anew.

- (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 Paragraph 2, Subparagraph (1) of this Article on the date of Board meeting, Subparagraph (2) on confidentiality agreement before the event, and Subparagraph (5) on changes in numbers of participating companies in the merger, demerger, acquisition or transfer of shares.
- (7) When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:
 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company that is listed on an exchange or has its shares traded on an OTC market, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report the information set out in Items 1 and 2 of the preceding paragraph to the competent authority of securities for recordation in the prescribed format and via the online information system.

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

Article 15: Procedures for Public Disclosure of Information

1. Items to be disclosed and disclosure standards

- (1) Acquisition or disposal of real property or right-of-use assets, or of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (2) Merger, demerger, acquisition, or transfer of shares.
- (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the prescribed procedures adopted by the Company.
- (4) Where the acquisition or disposal of equipment or right-of-use assets for business use, and the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 2. For a public company whose paid-in capital is NT\$10 billion or more, and the transaction amount reaches NT\$1 billion or more.
- (5) Where the Company operating construction business acquires or disposes of real property for construction use, and furthermore, the trading counterparty is not a related party, and the transaction amount is NT\$500 million or more.
- (6) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.
- (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:
 1. Trading of government bonds or foreign bonds with credit rating no less than the sovereign credit rating of Taiwan.

2. Securities traded by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of foreign debentures or general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by securities firms as necessitated by its undertaking business, or subscription or redemption of exchange traded note or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.

1. The amount of individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property 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. Timeline and format of public disclosure

Where the Company acquires or disposes of assets with information and amount meeting the disclosure standards set out in this Article, it shall publicly announce and declare the relevant information within 2 days commencing immediately from the date of occurrence of the event.

3. Public disclosure procedures

- (1) The Company shall publicly announce and report the relevant information on Securities and Futures Bureau, FSC's designated website.
- (2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic companies and enter the information in the prescribed format into the information reporting website designated by Securities and Futures Bureau, FSC by the 10th day of each month.
- (3) When the Company, at the time of public announcement, makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- (4) When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports, and opinions from certified public accountants, attorneys, and securities underwriters on its premises. They shall be retained for 5 years, except where another law or regulation provides otherwise.
- (5) When any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced in accordance with this article, a public report of relevant information shall be made on the website designated by Securities and Futures Bureau, FSC within 2 days commencing immediately from the date of occurrence of the event:
 1. Change, termination, or rescission of a contract signed regarding 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 original publicly announced and reported information.

4. Public disclosure format

- (1) For disclosure of buying or selling securities of parent companies, subsidiaries or related companies from domestic or overseas centralized market or Taipei Exchange, the format is as per Appendix 2.
- (2) For disclosure of acquisition of real property under an arrangement on engaging others to build on its own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the format is as per Appendix 3.
- (3) For disclosure of acquisition or disposal of real property and equipment, and acquisition of real property from related party, the format is as per Appendix 4.
- (4) For disclosure of trading of securities, membership, intangible assets other than in centralized market or securities firm, and disposal of receivables by financial institution, the format is as per Appendix 5.
- (5) For disclosure of mainland China area investment, the format is as per Appendix 6.
- (6) For public disclosure of derivatives trading to be made within 2 days counting inclusively from the date of occurrence of the event, the format is as per Appendix 7-1.

(7) For public disclosure of derivatives trading to be made by the 10th day of each month, the format is as per Appendix 7-2.

(8) For disclosure of merger, demerger, acquisition, or transfer of shares, the format is as per Appendix 8.

Article16: The Company's subsidiaries shall handle asset acquisition or disposal in the following manner:

1. The subsidiaries of the Company shall establish their respective Procedures for Acquisition or Disposal of Assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", and report to the shareholders' meetings of the parent company and subsidiaries after the resolution of the subsidiaries' Boards of Directors; the same procedure applies to any amendment.
2. Acquisition and disposal of assets by a subsidiary shall be handled in accordance with the relevant regulations of the Company.
3. Where a subsidiary is not a public company, and if the subsidiary acquiring or disposing of assets meets the disclosure standards set out in "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall make a public disclosure on the subsidiary's behalf.
4. A subsidiary company shall declare the standard amount of paid-in capital or total assets according to the amount of paid-in capital or total assets of the Company.

Article 16-1: 10% of total assets under the Procedures is calculated based on the total assets of the most recent parent-only or individual financial statement in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

In the case of the Company whose shares have no par value or a par value other than NT\$10 per share, the threshold of transaction amounts of 20% of paid-in capital under the Procedures, shall be calculated based on 10% of equity attributable to owners of the parent; the provision for transaction amount when paid-in capital reaches NT\$10 billion under the Procedures shall be calculated based on NT\$20 billion of equity attributable to owners of the parent.

Article17: Penalties

If the Company's employee handling the acquisition or disposal of assets breaches the Procedures, the employee shall be reported and assessed on a regular basis in accordance with the Company's Human Resources Management Regulations, and disciplinary actions may be taken based on the materiality of the offense.

Article18: Implementation and Amendment

1. The Company's "Procedures for Acquisition and Disposal of Assets" and any amendments thereto, shall be submitted to the supervisors after passage by the Board of Directors, and reported at the shareholders' meeting for approval prior to its implementation. If any director expresses dissent and it is recorded in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created by the Company, 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.

After the Company established an Audit Committee, items that must be approved by supervisors according to Paragraph 1 shall first be approved by at least half of the Audit Committee members, and then submitted to the Board of Directors for approval. If approval of more than half of all Audit Committee members is not obtained, it 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 meeting minutes of the Board of Directors.

All members of the Audit Committee referred to in Paragraph 3 and all directors referred to in the preceding paragraph shall be calculated by the actual incumbents.

2. The 1st amendment of the Procedures was on May 5, 2003; the 2nd amendment was on June 15, 2007. The 3rd amendment was on June 4, 2010. The 4th amendment was on June 19, 2012. The 5th amendment was on June 18, 2013. The 6th amendment was on June 13, 2014. The 7th amendment was on June 15, 2017. The 8th amendment was on June 13, 2019. The 9th amendment was on June 16, 2022. The 10th amendment was on June 16, 2023.

Article 19: Additional Provisions

Any matters not set forth in the Procedures shall be handled in accordance with the applicable laws and regulations.