

DARWIN PRECISIONS CORPORATION **Handling Procedures for Acquisition or Disposal of Assets**

Chapter 1 General Rules

Article 1: Purpose and Legal Basis

The Company shall handle the acquisition or disposal of assets in compliance with the Procedures; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

The Procedures are stipulated in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 2: The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
7. 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 Institutions Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
8. Other major assets.

Article 3: Appraisal Procedures

When the Company acquires or disposes of securities investment or engages in derivatives trading, the financial department shall analyze the relevant benefits and evaluate the possible risks. For acquiring or disposing of real property and other assets, the relevant unit shall formulate a capital expenditure plan in advance, and conduct a feasibility assessment on the purpose of acquisition or disposal and the expected benefits. When the Company intends to acquire real property from a related party, it shall evaluate the reasonableness of the transaction conditions and other matters according to Chapter 2 of the Handling Procedures.

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 certified public accountant. Where the Company acquires or disposes of securities or intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% 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. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

The calculation of the transaction amounts referred to in the preceding paragraph and Article 6 shall be done in accordance with Article 5, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

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.

In addition to referring to the opinions of professional appraisers or accountants and other relevant experts in accordance with the provisions of the preceding paragraph, the price determination method and reference basis of the Company acquiring or disposing of the assets shall be handled in accordance with the following:

1. Acquiring or disposing of securities from a centralized securities exchange market or over-the-counter trading, shall be based on the current equity or bond price.
2. Acquiring or disposing of securities that are not traded on a centralized securities exchange market or over-the-counter trading, shall consider its book value per share, technology and profitability, future development potential, market interest rate, bond coupon rate and debtor's credit, etc. and the price negotiated with reference to the latest transaction price at that time.
3. Acquiring or disposing of Memberships, shall consider its potential benefits and the price negotiated with reference to the latest transaction price at that time. Acquiring or disposing of patents, copyrights, trademarks, franchise rights, and other intangible assets shall be negotiated with reference to international or market practices, the useful life and the impact on the Company's technology and business.
4. Acquiring or disposing of real property and equipment, shall be negotiated with reference to the publicly announced current value, the assessed present value, the actual transaction price or book value of the adjacent real estate, and the quotation of the supplier. When the Company intends to trade with a related party, it shall first be calculated according to the methods specified in Chapter 2 of the Handling Procedures to evaluate whether the transaction price is reasonable.
5. Engaging in derivatives trading shall take the trading conditions of the futures market, exchange rate and interest rate trends, etc.
6. Conducting a merger, demerger, acquisition, or transfer of shares, shall consider its business nature, book value per share, asset value, technology and profitability, production capacity and future growth potential, etc.

Article 4: Operating Procedures

(1) Authorization amount and level

1. Acquiring or Disposing of Assets shall be handled in accordance with the provisions of the Handling Procedures and the attached table, namely, "Authorization Schedule for Acquisition or Disposal of Assets and the Limits on Securities Investment".

2. Engaging in Derivatives Trading

A. Hedge transactions: Authorization for exchange rate/interest rate transactions:

Authorization Level	Authorized Amount per transaction	Authorization Amount per day
Chairman	Equivalent to USD5M above	Equivalent to USD10M above
General manager	Equivalent to USD2.5M~5M (included)	Equivalent to USD5M~10M (included)
Functional Head of Finance Center	Equivalent to USD2.5M below	Equivalent to USD5M below

B. For Non-Hedge transactions, shall prepare the evaluation reports and then submit them to the meeting of the board of directors for approval.

C. In order for the Company's authorization to cooperate with the bank's relative supervision and management, any authorized transaction personnel must inform the bank.

D. Engaging in derivatives trading is authorized according to the preceding provisions and shall be reported to the soonest meeting of the board of directors.

3. Related party transactions shall prepare relevant information according to the provisions in Chapter 2 of the Handling Procedures and then submit to the audit committee and the board of directors' meeting for approval.

4. Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares, shall handle the relevant procedures and prepare relevant materials in accordance with the provisions of Chapter 4 of the Handling Procedures, among which mergers and consolidations, splits, acquisitions shall be conducted after the approval of the shareholders' meeting.

5. Others: The Company shall handle the procedures in accordance with the provisions of the internal control system and authorization schedule. When the transaction amount reaches the standard of public announcement and regulatory filing in Article 5, it shall be approved by the board of directors first, except that it can be subsequently submitted to and ratified by the next board of directors meeting in accordance with the provisions of the Handling Procedures. If there is any circumstance stipulated in Article 185 of the Company Law, it shall be approved by the shareholders' meeting first.

(2) Execution unit and transaction process

The execution unit of the Company for investing in securities and engaging in derivatives trading is the financial department and the personnel designated by the chairman, the execution unit of the acquisition or disposal of real property, equipment and right-of-use assets is the user department and the relevant authority and responsibility unit, the execution unit of the mergers and consolidations, splits, acquisitions, and assignment of shares shall be designated by the chairman.

After the acquisition or disposal of assets has been evaluated and approved according to regulations, the execution unit will carry out the transaction processes such as contracting, payment, delivery and acceptance, and will handle the process according to the internal control system depending on the nature of the assets. In addition, the acquisition or disposal of real estate or its right-to-use assets from related parties, the transaction of derivatives, and the mergers and consolidations, splits, acquisitions, and assignment of shares shall be handled in accordance with the provisions of Chapters 2 to 4 of the Handling Procedures.

Article 5: Public announcement and regulatory filing procedures

Under any of the following circumstances, the 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:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof 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; provided, 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 are set out in Chapter 3, Article 14, subparagraph 4 of this Procedures herein.
4. 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.
5. Where land is acquired under an arrangement of 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 transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of ROC.
 - B. 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:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof 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.

"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 these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the 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 FSC by the 10th day of each month.

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 knowledge of such error or omission.

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

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 6: Asset Appraisal Procedures

In acquiring or disposing of real property, equipment, or 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 prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions. However, 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 CPA opinion.

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:
 - A. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - B. 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; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 7: Investment scope and amount

In addition to acquiring assets for business use, the Company and its subsidiaries may also invest in the purchase of real property and right-of-use assets or securities that are not for business use. The aggregate limit of real property and right-of-use assets or securities for the purpose rather than business use and the limits on individual securities,

shall be handled in accordance with the provisions of the attached table, namely, "Authorization Schedule for Acquisition or Disposal of Assets and the Limits on Securities Investment".

Article 8: Control procedures for the acquisition and disposal of assets by subsidiaries

Subsidiaries of the Company shall adopt and implement the "Handling Procedures for Acquisition or Disposal of Assets" in compliance with the parent company's local laws and regulations.

If the Company does not intend to engage in derivatives trading, it may, after obtaining the approval of the board of directors, be exempted from adopting procedures governing derivatives trading. If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the provisions of the preceding article and the preceding paragraph before doing so.

Article 9: Penalties

When the Company's relevant person-in-charge who handled the acquisition or disposal of assets violates these Handling Procedures, the responsible supervisor shall punish the person according to the severity of the violation, and use the violation record as a reference for the annual personal performance evaluation. The responsible supervisors of the person who violates the Procedures should also be punished unless they can provide a reasonable explanation that they have taken precautions in advance and then this limitation is not applicable. If the board of directors or directors violates relevant regulations and the resolutions of the shareholders' meeting while conducting the business of the Company, the audit committee shall notify the board of directors or directors to stop their actions in accordance with the provisions of Article 218-2 of the Company Act.

Chapter 2 Related Party Transactions

Article 10: Identification basis

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

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 3, paragraph 3 herein.

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

Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 11: Resolution Procedure

When the Company intends to acquire or dispose of real property or right-of-use assets thereof 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 thereof 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 can only proceed to enter into a transaction contract or make a payment after the following matters have been approved by the audit committee and the board of directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
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 funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion is obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's board of directors delegate the board chairman to decide such matters when the transaction is within NT\$300 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting in accordance with the provisions of the first paragraph of this article:

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

If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10% or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 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 and its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 5, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that the shareholders' meeting has approved, the audit committee and the board of directors in accordance with the Handling Procedures need not be counted toward the transaction amount.

Article 12: Evaluation of the reasonableness of the transaction terms

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

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% 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 transaction counterparties.

In the event that 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.

The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof 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 thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 % of the issued shares or authorized capital.

Article 13: Matters to be implemented for the estimated transaction cost is lower than the transaction price

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraphs 3 to 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 a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where a public 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 refer 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 % of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two paragraphs and the preceding Article are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost. It may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Independent director members of the audit committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline 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 FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Chapter 3 Management for engaging in Derivatives Trading

Article 14: Trading Principles and Strategies

1. Types of Derivatives

The types of derivatives transactions that the Company may engage in include forward contracts, options, swaps of interest rate and exchange rate, futures, and hybrid contracts combining the above contracts. If the Company needs to engage in

other commodity transactions, it shall first obtain the board of directors' approval.

2. Operation or Hedge Strategies

The purpose of the Company engaging in derivatives transactions is divided into hedging and non-hedging (that is, for the purpose of trading). Its strategy should be to avoid business risks as the main purpose. The selection of trading commodities should be mainly based on avoiding the risks of foreign currency income, expenditure, assets or liabilities generated by the Company's business operations. If due to changes in the objective environment, the Company could choose an appropriate time to engage in "non-hedge transactions" of derivatives to increase the Company's non-operating income or reduce non-operating losses. In addition, the collaborator of the trading should also choose a financial institution that has business dealings with the Company as much as possible to avoid credit risk. Before the trading, it must be clearly defined as the type of transaction such as hedging or financial operations in pursuit of investment income, as the basis for accounting.

3. Transactions limit

A. Hedging transactions

- a. Exchange rate transactions: The amount for hedge transactions shall base on the position arising from the Company's business. The amount of all contracts shall be limited to the Company's revenue of the prior three months. However, the cross currency swap transactions for funding purposes shall not be limited.
- b. Interest rate transactions: With respect to the expenditure for the specified purposes, including, but not limited to long-term interest rate position arising from the syndication facilities and etc. For hedging, the aggregate amount of all contracts shall be limited to the Company's long term borrowings with floating interest.
- c. Other hedge transactions: In order to hedge the risk of exchange rate or interest and etc. arising from the issuance of overseas equity or bonds or other financial products, the amount of all contracts shall be limited to the total outstanding amount of such issued instruments, provided that such transactions together with the evaluation report shall be submitted to the general manager for approval.

B. Non-hedging transactions (Speculation transactions)

The Company shall first prepare the evaluation reports and then submit them to the board of directors' meeting for approval. The amount of all contracts shall be limited to 10% of the Company's revenue for the prior three months.

4. Maximum loss limit on total trading and for individual contracts

A. Hedging transactions

	All contracts	Individual contract
Maximum loss	15%	20%

B. Non-hedging transactions (Speculation transactions)

	All contracts	Individual contract
Maximum loss	15%	20%

If the maximum loss for all contracts or individual contract is reached, the trading personnel should inform the most senior decision-making officer of the finance unit in writing. If necessary, the situation shall submit to the board of directors.

5. Segregation of Duties

A. Transaction Personnel

The personnel of the company who execute derivatives trading shall be designated by the chairman. This person is responsible for formulating trading strategies, executing trading orders, disclosing future trading risks within the scope of authorization, and then providing real-time information to relevant

departments for reference.

B. Finance Department

The person responsible for the confirmation and settlement of the transaction shall book and save the transaction records in accordance with the relevant regulations, regularly conduct a fair market value assessment of the positions held, and provide it to the dedicated transaction personnel, and disclose the related information of derivative products in the financial statements.

6. Key Points for Performance Evaluation

A. Hedging transactions

The performance is evaluated based on the profit or loss generated from the cost of exchange (interest) rate in the company's books and derivative financial transactions and at least twice a month, and then presented to management for reference.

B. Speculation transactions

The performance is evaluated based on the actual profit or loss generated and at least once a week, and then presented to the management for reference.

Article 15: Risk management measures

The Company engaging in derivatives trading shall provide the scope of risk management and the risk management measures to be adopted as follows:

1. Credit risk management measures

The selection of transaction institutions should be based on the principle of financial institutions and futures brokers who have contacts with the company, have a good reputation, and provide professional information.

2. Market risk management measures

The losses that may arise from future market price fluctuations of derivatives are uncertain, so the stop loss setting should be strictly complied with after the position is confirmed.

3. Liquidity risk management measures

In order to ensure the liquidity of the commodities, the financial institution of trading shall possess sufficient apparatus, and information and have the capacity to conduct transactions in any market at any time.

4. Operation risk management measures

In order to avoid operation risks, the Company shall fully comply with its authorized amount and operation procedures.

5. Legal risk management measures

In order to avoid legal risks, any contract document signed with a financial institution shall use international standard documents as much as possible and reviewed by foreign exchange specialists, and paralegals or legal consultants when engaging in Derivatives Trading for the first time.

6. Products risk management measures

In order to avoid the loss risks from products of derivatives trading, internal transaction personnel shall possess complete and correct professional knowledge for engaging in derivatives trading.

7. Cash settlement risk management measures

Authorized transaction personnel shall not only strictly comply with the authorized amount but also pay attention to the Company's cash flow to ensure that there is enough cash to pay at the time of delivery.

8. Transaction personnel shall not serve concurrently in other operations such as confirmation and settlement.

9. Confirmation personnel should regularly reconcile or confirm with the

correspondent bank, and check whether the total transaction amount exceeds the upper limit in the Handling Procedures.

10. Measurement, supervision and control personnel and the personnel specified in Item 8 cannot be in the same department and shall report to the board of directors or the senior decision making officer who is not in charge of the transaction or position.
11. The derivative transactions positions of the Company shall be evaluated at least once every week, provided that the hedge transactions for business needs shall be evaluated at least twice a month, and the evaluation report shall be submitted to the senior management personnel authorized by the board of directors (The senior management who is not in charge of the decision making of the transaction or position).

Article 16: Internal audit system

1. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, such personnel should report to the chairman and the senior management personnel authorized by the board of directors and notify the audit committee members in writing.
2. The Company's internal audit personnel shall include the derivatives transactions in the audit plan, and publicly announce and report the implementations of the previous year's the annual audit plan before the end of next February and the improvements on any irregular situations no later than the end of next May on the FSC's designated website.

Article 17: Regular evaluation methods and the handling of irregular circumstances

1. Periodically evaluate the derivatives trading monthly or weekly and summarize the monthly or weekly profit and loss and open positions of non-hedging transactions, and then shall be submitted to the senior management personnel authorized by the board of directors and chairman as a reference for management performance evaluation and risk measurement.
2. Where the Company engages in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:
 - A. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
 - B. 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. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
 - A. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Handling Procedures.
 - B. 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, and an independent director shall be present at the meeting and express an opinion.
4. The Company engaging in derivatives trading shall establish a log book in which

detailed records of the types and amounts of derivatives trading engaged in, board of directors approval dates, monthly or weekly periodic assessment reports and the matters required to be periodically evaluated by the board of directors and the senior management personnel authorized by the board of directors.

5. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the Handling Procedures for engaging in derivatives trading.

Chapter 4 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 18: The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% 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% of the respective subsidiaries' issued shares or authorized capital.

Article 19: The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts 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 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.

Article 20: Unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent, the Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the same date to resolve matters relevant to the merger, demerger, or acquisition; the Company participating in a transfer of shares shall convene a board of directors meeting on the same date as other participating companies.

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 the 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 the board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively 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 1 and 2 of the preceding paragraph to the FSC for recordation.

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 two paragraphs.

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.

Article 21: Share exchange ratio and 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:

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 securities.
2. An action, such as a disposal of major assets, that affects 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, buys 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.

Article 22: Contract record matters

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for handling 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 record date of calculation of the share exchange ratio, and the

- principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution and anticipated completion date.
 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 23: Other matters

1. 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.
2. 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.
3. 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 20, and the preceding two paragraphs.

Chapter 5 Other important matters

Article 24: 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 the Company, where they shall be retained for 5 years except where another act provides otherwise.

Article 25: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers

may not be related parties or de facto related parties of each other.

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

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Professional appraiser: Refers to a real property appraiser or another person duly authorized by law to engage in the value appraisal of real property or equipment.

Information required to be publicly announced and reported in accordance with the provisions on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the public company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 5.

For the calculation of 10% of total assets under the Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10 for the calculation of transaction amounts of 20% of paid-in capital under the Procedures, 10% of equity attributable to owners of the parent shall be substituted.

Article 26: When the Handling Procedures for Acquisition or Disposal of Assets are adopted or amended by the Company in accordance with the Regulations, or any transaction for the acquisition and disposal of involving major assets or derivatives before the discussion of the board of directors, shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more 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 two paragraphs shall be counted as the actual number of persons currently holding those positions.

Article 27: The Handling Procedures shall be approved by the board of directors and further submitted to the shareholders meeting for approval and will become effective

afterwards. The same shall apply to amendments to the Handling Procedures.

After the promulgation of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" on December 10, 2002, the Handling Procedures of the Company were amended. The first amendment was made on May 30, 2003; the second amendment was made on June 30, 2005; the third amendment was made on June 13, 2008; the fourth amendment was made on June 4, 2010; the fifth amendment was made on June 15, 2011; the sixth amendment was made on June 12, 2012; the seventh amendment was made on June 11, 2014; the eighth amendment was made on June 8, 2017; the ninth amendment was made on June 12, 2019; the tenth amendment was made on June 15, 2022.

Appendix :

Authorization Schedule for Acquisition or Disposal of Assets and the Limits on Securities Investment

(in NTD thousands / %)

Asset Item	Approver	Authority	Aggregate Investment Limit	Individual Investment Limit
Real property or right-of-use assets thereof not for business use	Board of Director		10% of the equity	5% of the equity
Equity investment in 100% held subsidiaries	Board of Director	$\geq 300,000$	150% of the equity	150% of the equity
	Board of Director Chairman	$< 300,000$		
Equity investment in non 100% held subsidiaries	Board of Director	$\geq 300,000$	100% of the equity	50% of the equity
	Board of Director Chairman	$< 300,000$		
Other investments in equities	Board of Director	$\geq 300,000$	50% of the equity	25% of the equity
	Board of Director Chairman	$< 300,000$		
Long term investment in secured bonds	Board of Director	$\geq 300,000$	20% of the equity	10% of the equity
	Board of Director Chairman	$< 300,000$		
Long term investment in unsecured bonds	Board of Director		10% of the equity	5% of the equity
Short term investment in bonds and bond funds	Functional Head of Finance Center		30% of the equity	15% of the equity
Other securities	Board of Director	$\geq 300,000$	10% of the equity	5% of the equity
	Board of Director Chairman	$< 300,000$		