

Section One – Acquisition or Disposal of Assets

Article 1 : Basis

These procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies regulated by Financial Supervisory Commission (FSC).

Article 2 : The Term “Assets”

1. Investments in marketable securities (including 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 and investment property) and equipment.
3. Memberships.
4. Intangible assets (including patents, copyrights, trademarks and franchise rights).
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 3 : Total amounts of real property and right-of-use assets thereof for non-business use or securities acquired by the company and each subsidiary, and limits on individual securities.

The restricted amount of the Company:

1. The investment of real property and right-of-use assets thereof for non-business use shall not exceed 20% of the Company’s book value.
2. The total amount of investment in securities shall not exceed 40% of the Company’s book value. The total amount of investment in individual security shall not exceed 40% of the Company’s book value.

The restricted amount of the Subsidiaries

1. The investment of real property and right-of-use assets thereof for non-business use shall not exceed 10% of the book value of the Subsidiary.
2. The total amount of investment in securities shall not exceed 60% of the book value of the Subsidiary. The total amount of investment in individual security shall not exceed 60% of the book value of the Subsidiary. However if the Subsidiary is belong to the holding company or focuses on investing, the total amount of investment in securities shall not exceed 40% of the parent company’s book value and the total amount of investment in individual security shall not exceed 40% of the parent company’s book value.

Article 4 : Limits of authorization and Operating Procedures

The acquisition or disposal of the Company's assets shall be handled in accordance with the following limits and procedures :

1. The acquisition or disposal of securities shall be executed after appraisal by the finance unit and approval by the board of directors (the Board). However if the transaction amount is not over NT\$ 250 million, the Board authorize the Chairmen to handle with and report to the Board later. If the Company acquires the repurchase agreement (RP), the reverse repo agreement (RRP) or domestic monetary fund with low risk and short term for short-term funds, the General Manager is authorized to handle the transaction not over NT\$ 100 million; and the Chairman is authorized to handle the transaction above NT\$ 100 million and report to the Board later. Since the maturity date of RP & RRP has been determined at the time of acquisition and the domestic monetary fund is used as short-term funds, the financial officer is authorized to approve the disposal of RP, RRP and domestic monetary fund with unlimited amount.
2. The acquisition or disposal of real property shall first be appraised by the in-charge person or project team indicated by the General Manager and then approved by the Board.
3. The acquisition or disposal of right-of-use assets shall be carried out after the approval of General Manager.
4. The acquisition or disposal of equipment and right-of-use assets thereof and memberships shall first be appraised and analyzed by the executing unit. The transaction amount shall not exceed NT\$10 million is approved by the General Manager; the amount shall not exceed NT\$ 30 million is approved by the Chairmen; the amount over NT\$30 million is approved by the Board. However, if the assets here are for business use and the transaction party is not related party, the transaction shall follow the internal regulations. However, the transaction amount over NT\$300 million shall be reported to the Board.
5. The acquisition or disposal of intangible and right-of-use assets thereof shall first be appraised and analyzed by the executing unit. The transaction amount shall not exceed NT\$10 million is approved by the General Manager; the amount shall not exceed NT\$ 30 million is approved by the Chairmen; the amount over NT\$30 million is approved by the Board.
6. The acquisition or disposal of derivatives shall be duly handled in accordance with the procedures set forth in Section Three.
7. The acquisition or disposal of assets through mergers, spin off, acquisitions, or transfer of shares shall be duly handled in accordance with the procedures set forth in Section Four.

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 shall take into full consideration of each independent director's opinions. If any independent director objects to or expresses reserved opinions about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

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.

Article 5 : The means of price determination and supporting reference materials

1. The securities acquired or disposed through the Centralized Trading Market or GreTai Securities Market ("GTSM") of the Republic of China shall be priced based on the trading price at that time.
2. For the securities not acquired or disposed through the Centralized Trading Market or GTSM, the prices shall be determined after taking account of the book value per share, profitability, potential of future development and reference to the trading prices at that time; or to be determined after taking account of the interest rate prevalent in the market, interest rate on face of the bonds as well as the debtors' creditability.
3. The prices of real property and right-of-use assets thereof acquired or disposed shall be determined based on the current official land prices, the values appraised and the trading prices of nearby real property.
4. The prices of equipment and right-of-use assets thereof acquired or disposed shall be determined through any manner among price comparison, price negotiation or open tendering.
5. The prices of memberships acquired or disposed shall be determined through either manner of price comparison or price negotiation.
6. The prices of intangible assets and right-of-use assets thereof acquired or disposed shall be determined in accordance with the related laws, regulations and contracts.
7. The prices of derivatives acquired or disposed shall be determined through the manner as set forth in Section Three under the Procedures.
8. The prices of assets acquired or disposed through mergers, spin off, acquisitions, or transfer of shares shall be determined through the manner as set forth in Section Four under the Procedures.

Article 6 : Appraisal Procedures

1. Securities :

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, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally 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. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

2. Real property, equipment and their right-of-use assets thereof

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a 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:

- (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 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent 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.
- (5) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

3. Intangible assets or right-of-use assets thereof or memberships

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

4. Derivatives :

It shall be determined through the manner as set forth in Section Three under the Procedures.

5. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.

It shall be determined through the manner as set forth in Section Forth under the Procedures.

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 Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime.

However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

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 provisions:

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, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may substitute for the appraisal report or CPA opinion.

Article 7 : The information retained

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

Article 8 : 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 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of 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 procedures adopted by the company.
4. Where equipment or right-of-use assets thereof for business use is 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 on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the 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, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Republic of China.
 - (2) 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 or disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions or 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 or disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

Mainland China area investment mentioned in item one 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.

Date of occurrence mentioned in item one 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.

"Within the preceding year" as used in the item two 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.

Article 9 : The contents of public announcement and declaration

Where the Company conducts public announcement and declaration in accordance with the above-mentioned regulations, the contents of such public announcement and declaration shall follow the requirements set forth by the FSC.

Article 10 : Update of public announcement and declaration

When the company at the time of public announcement makes an error or omission in an item required by the Article 8 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.

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 article, 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 11 : Control procedures for the acquisition or disposal of assets by subsidiaries

The Company's subsidiaries shall conduct the acquisition or disposal of assets in accordance with the Company's "Procedures for Acquisition or Disposal of Assets".

In the event that a subsidiary of the Company is not a domestic public company and is required to make public announcement and declaration as required under Article 8 for the assets acquired or disposed, the Company shall conduct public announcement and declaration on its behalf.

Where a subsidiary is required to make public announcement and declaration in accordance with Article 8 of the Procedures, the paid-in capital or total assets used shall refer to the Company's paid-in capital or total assets.

The term "subsidiary" used in the Procedures is defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Section Two – Related Party Transactions

Article 12

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 according to the regulations of the preceding Section and this

Section, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.

The term "related party" used in the Procedures is defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

Article 13

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 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of 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 one-half or more of all audit committee members and then submitted to the board of directors for a resolution:

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 14 and Article 15.
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, 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 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 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$30 million and have the decisions subsequently submitted to and ratified by the next board of directors' meeting:

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.

When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the

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

If the company or its any subsidiary thereof which is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent 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 signed 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 8, 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 have been approved by the shareholders' meeting, the audit committee and the board of directors need not be counted toward the transaction amount.

Article 14

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 that the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

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.

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 company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 15

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 Article 16. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:

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:
 - (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) 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 the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or the right-of-use assets thereof.

Article 16

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 articles 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 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 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 1 of the Securities and Exchange 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. The 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 arm's length transaction.

Section Three –Engaging in Derivatives Trading

Article 17 : Trading principles and strategies

1. The types of derivatives that may be traded
 - (1) The term “derivatives” as used herein include forward contracts, options contracts, future contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from specific interest rates, prices of financial tools, prices or commodities, foreign exchange rates, price or fee rate indexes, credit ratings or credit indexes or other variables, a combination of the above-mentioned contracts, or a combination of contracts or structured products that were embedded with derivative products.
 - (2) The forward contracts do not include insurance policies, performance contracts, after-sale service agreements, long-term lease agreement and long-term purchase (sale) agreements.
 - (3) The matters related to the bond margin transaction shall be handled in accordance with the relevant provisions of the Procedures.
2. Operating or hedging strategies

The principle of engaging in derivatives trading is for hedging purposes and to hedge the company's net exposure after internal netting of accounts receivable against accounts payable, or assets against liabilities with due date, amount or currency from business. The company shall select the kind of derivatives that could avoid operation risk, such as forward contracts and swap contracts; and the Company should hold currencies matching with the actual operation needs. Other special purpose transactions should be evaluated carefully and be traded after the approval of the Chairman and the transactions should be resolved in the recent meeting of the board of directors.

3. Segregation of duties

(1) Finance Division :

- A. Draw up the whole hedging policies of financial derivatives.
- B. Collect market information, estimate the trend and risks and get familiar with the operation of financial products.
- C. Calculate the positions weekly, draw up operating strategies according to the company's policies and implement.
- D. Evaluate operational performance on a regular basis and report to the board of directors.

(2) Accounting Division : Be responsible for the delivery and accounting of the transactions and settle the profits and losses every month.

(3) Audit Division : Conduct auditing of the compliance of the transaction process by the Finance Division, produce the reports on a periodic basis and report to the Audit Committee if any material deficiency.

4. Essentials of performance evaluation

For the operation of derivative financial products, the operation details should be recorded on the transaction sheet on a daily basis to control the status of the profit and loss; in addition, the profits and losses should be settled on a monthly, quarterly, semi-annual and annual basis.

5. Maximum contract size and loss limit

(1) Maximum contract :

Total amount of derivatives contracts that may be traded:

- A. The total amount of F/X hedging contracts shall not exceed the net position of the estimated accounts receivables, accounts payables and balance sheet after offsetting the maturity date, amount and currency, arising from the company's business in the next three months.
- B. Other specific purpose transactions other than Forward Contracts and Swaps shall not exceed 10% of the company's net value.

(2) The maximum loss limit on total contracts and for individual contracts:

- A. For the transaction in the purpose of F/X hedging, the upper limit of losses is 15% of the contract amount in aggregate or for any individual contract.
- B. For the transaction in the purpose of other specific purpose, the upper limit of losses is 10% of the contract amount in aggregate or for any individual contract.
- C. However, when the changes in exchange rates or interest rates have a significant impact, the Financial Unit should call relevant personnel at any time to respond.

Article 18 : Operating Procedures

1. Level of delegation / authorization

(1) Transaction execution

The company's authorized dealers are required to execute the transactions based on the company's net position arising from the business, and the authorization amount and level of each transaction are as follows:

Level	Delegated amount of each transaction
Dept Head of Finance Div.	Up to USD5 million
Finance Manager	Up to USD3 million
Authorized dealer	Up to USD1 million

(2) Transaction Ratification

An Internal written ratification of the following authorization shall be completed after each transaction.

Level	Delegated amount of each transaction
Chairman	Up to USD5 million
Dept Head of Finance Div.	Up to USD3 million
Finance Manager	Up to USD1 million

2. Execution units and transaction process:

- (1) Execute the transaction: The dealer of Finance Div. conduct the transactions with banking institutes within the authorized amount. After the completion of each transaction, the transaction sheet should be immediately filled in according to the transaction report of the banking institution, and the transaction is registered in the financial system (FBI) after being signed by the authorized supervisor.
- (2) Confirm the transaction: The non-trading personnel of the Finance Div. confirm the contents of the transaction with the banking institution.
- (3) Settle the transaction: Before the date of settlement, the financial personnel should register the contents of settlement in the financial system (FBI) and submit the relevant documents to Accounting Div for accounting.
- (4) Evaluate in the end of each month: In the end of each month, the Finance Div. should prepare a market evaluation statement and submit it to Accounting Div. as the basis for accounting evaluation.

Article 19 : Measures of Risk Management

1. The range of risk management

- (1) Credit risk management: Credit risk is controlled by restricting the counterparties that the company may deal with to those who either have banking relationships with the company or are internationally renowned and are able to provide sufficient information.
- (2) Market price risk management: Market price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled.

- (3) Liquidity risk management: Liquidity risk shall be controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.
 - (4) Cash flow risk management: The Company shall maintain adequate level of quick assets and credit facilities to meet the cash settlement requirement.
 - (5) Operating Risk management: The dealers must indeed comply with the authorized quota and operating procedures.
 - (6) Legal risk management: Any legal documents signed with the trading banks shall first be reviewed by related personnel before being signed to control legal 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 report to the board of directors or senior management personnel with no responsibility for 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.

Article 20 : Internal audit system

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.

The company shall submit to the FSC a report on the execution of its previous year's annual audit plan before the end of February of the following year and a recordation its corrections of any defects and irregularities of the internal control system discovered during the past year's internal auditing before the end of May of the following in the prescribed format and via the internet-based information system.

If any material violation is discovered, all members of the audit committee shall be notified in writing.

Article 21 : Regular evaluation methods and handling of irregular circumstances

1. The board of directors shall designate senior management personnel to pay continuous attention to monitor and control derivatives trading risk and periodically to 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.
2. The senior management personnel authorized by the board of directors shall periodically evaluate if the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company. And 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.

The company shall report to the soonest meeting of the board of directors if it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Acquisition or Disposal of Assets.

Article 22 : Announcement

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

In the event of any unrealized losses on derivatives trading amounting to 3 percent or more of net worth, the material information shall be input two hours before the beginning of trading hours on the trading day following the date of occurrence of the event on the 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 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.

Article 23

The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of director's approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 19 and paragraph 1 & 2 of Article 21 shall be recorded in detail in the log book.

Section Four –Mergers, Demergers, Acquisitions, and Transfer of Shares

Article 24

The so-called "Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law" in this Procedure refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

Article 25

The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an

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

Article 26

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 preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 27

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

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

Article 28

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.

Article 29

The companies 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, which affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, which 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 30

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 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 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 30-1

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'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.

Article 31

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.

Article 32

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 27, Article 28, Article 30-1 and Article 31.

Section Five –Additional Provisions

Article 33

If the company's managers and related personnel violate the regulations of the procedures and therefore harm the company's rights and interests, they will be punished or adjusted to other posts in accordance with the relevant regulations of the competent authority or the company.

Article 34

After the procedures have been approved by the audit committee and the board of directors, these procedures shall be submitted to a shareholders' meeting for approval; the same applies when the procedures are amended. When the procedures for the acquisition or disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration of 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.

When the procedures for the acquisition or disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members 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 paragraph shall be counted as the actual number of persons currently holding those positions.

Article 35

If there are any matters not covered in the procedures, they shall be handled in accordance with relevant laws and regulations

Article 35-1

For the calculation of 10 percent of total assets under these 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.

Article 35-2

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

Article 36

These Procedures for Acquisition or Disposal of Assets were established on June 27, 2003.

The first amendment was made on June 30, 2004.

The second amendment was made on June 30, 2005.

The third amendment was made on June 29, 2007.

The fourth amendment was made on June 26, 2012.

The fifth amendment was made on April 23, 2013.

The sixth amendment was made on September 25, 2013.

The seventh amendment was made on June 12, 2014.

The eighth amendment was made on June 22, 2017.

The ninth amendment was made on June 22, 2018.

The tenth amendment was made on June 25, 2019.

The eleventh amendment was made on June 19, 2020.

The twelfth amendment was made on June 29, 2022.

The thirteenth amendment was made on June 27, 2024.

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