

Fitipower Integrated Technology Inc.
Procedures for Acquisition and Disposal of Assets.

Chapter I General Principles

Article 1 Purpose

For the purpose of compliance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" (hereinafter referred to as the "Regulations") issued by the securities authorities, the Procedure were established to facilitate the acquisition or disposal of assets after the Company's public offering.

Article 2 Scope of Application

All acquisitions or disposals of the Company's assets shall be made in accordance with the Procedure.

Article 3

The term "assets" as used in the Procedure 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. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term

purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area 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.

Chapter II Disposition Procedures

Article 4 Execution department, Authorization Limits, Hierarchy and Transaction Process

The acquisition or disposal of the Company's assets shall be carried out in accordance with the following limits and procedures.

1. The acquisition or disposal of long-term investments in securities shall be carried out after the financial department has submitted an appraisal report. If the transaction amount is less than NT\$300 million, it shall be submitted to the Chairperson for approval and be presented on the most recent Board meeting; if the transaction amount is more than NT\$300 million (inclusive), it shall be submitted to the audit committee and the Board for approval.
2. For short-term marketable securities investments, except for the Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, transactions amount of

less than NT\$100 million shall be submitted by the finance department to the chairperson of the Board for approval. If the transaction amount exceeds NT\$100 million, the transaction should be submitted to the Board for approval. The transaction process shall be in accordance with the provisions of the investment section of the Company's internal control system.

3. The acquisition or disposal of real property shall be carried out in accordance with the provisions of the fixed asset section of the Company's internal control system after the administrative unit has submitted relevant information to the Board for approval.
4. The acquisition or disposal of equipment, membership and intangible assets shall be handled in accordance with the provisions of the procurement and payment section of the Company's internal control system.
5. The acquisition or disposal of derivatives shall be handled in accordance with the relevant provisions of Section IV of the Procedure.
6. The acquisition or disposal of asset related to merger, demerger, acquisition, or transfer of shares shall be handled in accordance with the relevant provisions of Section V of the Procedure.

The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of preceding paragraphs. After the procedures have been approved by the Board, if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of 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" in preceding paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 5 The assessment process and how prices are determined

1. Investments in marketable securities

As the Company acquires or disposes of securities, except in the case of marketable securities is issued by the Company, it 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 competent authority.

2. Real estate and Equipment

The acquisition or disposal of property, equipment or right-to-use assets shall be determined by reference to the announced present value, assessed value and the actual transaction price of the neighboring property, equipment or right-to-use assets. To acquire or dispose of equipment, the Company shall collect relevant price information in advance and conduct the transaction by comparison, bargaining or tender.

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:

- A. 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.
- B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- C. 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.

D. 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.

3. Membership or intangible assets

When acquiring or disposing of an intangible asset or right-to-use asset or membership, the relevant price information should also be collected in advance and the relevant laws and contracts should be carefully evaluated to determine the transaction price. 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. Other Material Assets

When acquiring or disposing of debentures, derivatives, assets subject to legal mergers, demergers, acquisitions or share transfers of financial institutions, or other material assets, before determining the transaction price, related information shall be collected depending on the subject matter of the transaction and the relevant laws and regulations and the contents of the contract shall be carefully evaluated.

5. The acquisition or disposal of derivatives shall be carried out in accordance with the relevant provisions of Section IV of the Procedure.

6. The acquisition or disposal of assets subject to legal merger, demerger, acquisition or transfer of shares shall be carried out in accordance with the relevant provisions of Section V of the Procedure.

The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 7, 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.

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 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:
 - A. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - B. 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.
 - C. 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.
 - D. 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 be substituted for the appraisal report or

CPA opinion.

Article 6 Data Retention

As the Company acquires or disposes of assets, it 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 7 Public Disclosure

Under any of the following circumstances, as the Company acquires or disposes of assets, it shall publicly announce and report the relevant information on the competent authority'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 are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - A. In the case that the Company's paid-in capital is less than NT\$10 billion, and the transaction amount reaches NT\$500 million or more.
 - B. In the case that the Company's paid-in capital is NT\$10 billion or more, and the transaction amount reaches NT\$1 billion 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 5

subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

- A. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan..
- 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 competent authority by the 10th day of each month.

Article 8 Content of the Announcement

If the Company is required to make an announcement and report in accordance with the preceding Article, the content of the announcement and report shall be in accordance with the relevant regulations issued by competent authority.

Article 9 Corrections and Changes to the Announcement

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Article 7, a public

report of relevant information shall be made on the information reporting website designated by the competent authority 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 10 Procedures for controlling the acquisition or disposal of assets by subsidiaries

The Company shall supervise its subsidiaries to establish and implement procedures for the operation of assets acquired or disposed of in accordance with the provisions of the Procedure.

Information required to be publicly announced and reported 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 public 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 7.

Article 11 Total Assets and Limits

Total amounts of real property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for non-business use, and limits on individual securities are as follows:

- 1 The Company and its subsidiaries shall not be limited in the amount of assets acquired if the assets are for business purposes, such as land, plant and machinery and equipment.
- 2 The Company shall not acquire property and assets with rights to use other than for business use in an amount exceeding 20% of the Company's most recent reported shareholders' equity, and each subsidiary shall not acquire assets exceeding 20% of the subsidiary's most recent reported shareholders' equity.
- 3 The cumulative amount of short-term investments in marketable securities engaged in short-term capital redeployment shall not exceed the Company's most recent reported shareholders' equity, and the amount of individual marketable securities acquired shall not exceed 50% of the Company's most recent reported shareholders' equity. The said investment for subsidiaries shall not exceed the most recent reported shareholders' equity and 50% of the most recent reported shareholders' equity.

- 4 The aggregate amount of long-term investment securities acquired shall not exceed 60% of the Company's latest reported shareholders' equity, and the amount of individual securities acquired shall not exceed 30% of the Company's latest reported shareholders' equity. If subsidiary is an investment holding company, there shall be no limit on the amount of investment mentioned in this paragraph; the total amount and individual amount of investment mentioned in this paragraph by the other kind of subsidiaries shall not exceed the total amount of their latest reported shareholders' equity of the subsidiary.

Chapter III Related Party Transactions

Article 12 Application

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 in compliance with the provisions 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 Section II.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 5, paragraph 2, 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.

Article 13 Resolution Process

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 the board of directors and recognized by the audit committee:

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, 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 obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in preceding paragraph shall be made in accordance with Article 7, 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 and board of directors and recognized by the audit committee need not be counted toward the transaction amount.

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 pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. 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.

When the matters for which paragraph 1 requires recognition by the audit committee, it 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, and shall be subject to mutatis mutandis application of Article 4, paragraphs 5 and 6.

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 percent or more of the public company's total assets, the public 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 public company and its parent company or subsidiaries or between its subsidiaries.

Article 14 Assessment Process

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

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

The 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.

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

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

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

As the Company set aside a special reserve under the preceding paragraph, it 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 competent authority 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 IV Engaging in Derivatives Trading

Article 17 Trading Principles and Guidelines

1. Types of Trading
 - A. The types of derivatives trading that the Company may engage in shall be limited to the derivatives referred to in Article 3 of the Procedure.
 - B. Matters related to bond margin trading shall be handled in accordance with the relevant provisions of the Procedure. The provisions of the Procedure shall not apply

to transactions in bonds with buy-back conditions.

2. Operating or Hedging Strategies

Derivatives trading shall be entered into with the objective of hedging risks, and the counterparties should also be selected from financial institutions with which the Company normally conducts business to avoid credit risk

3. Division of Authority and Responsibility

A. Finance Department: Responsible for foreign exchange management system, such as collecting foreign exchange market information, analyzing trends and risks, being familiar with financial instruments and operating techniques, etc., and avoiding risks in accordance with the Company's policies. Coordinate with banks in the use of credit and handle settlement matters.

B. Accounting Department t: To keep accounts and prepare financial statements in accordance with generally accepted accounting principles and related disclosure matters.

C. Audit Department: To measure, monitor and control the risk of transactions in the finance department and report to the Audit Committee and the Board of Directors in the event of material weaknesses.

4. Performance evaluation guidelines

All derivatives trading should be recorded on a daily basis in the transaction schedule in order to keep track of the profit and loss position. Foreign exchange gains and losses should be settled on a monthly, quarterly, half-yearly or annual basis

5. Trading quota

The Company's trading limit for derivative transactions shall not exceed the net foreign exchange position generated by the Company's business.

6. Loss limit

In order to hedge the risk of entering into derivative transactions, the Company's contract loss limit shall not exceed 20% of the contract amount, which applies to both individual contracts and all contracts.

Article 18 Authorization Hierarchy

As the Company engages in derivative trade, it shall comply with the following authorization hierarchy:

1. Forward foreign exchange transactions and swap transactions: Transactions may only be made with the approval of the Chairperson and shall be reported to the most recent Board meeting afterwards.
2. Other related derivative financial instruments: Transactions are subject to the approval of the Board.

Article 19 Risk Management Measures

1. Scope of risk management:
 - A. Credit risk management: The counterparties are limited to the banks with which the Company has business dealings. After the transaction, the registrar shall immediately register the credit limit control form and reconcile with the counterparty bank on a regular basis.
 - B. Market price risk management: The registrar should check at all times whether the total amount of the transaction is in accordance with the limits stipulated in this procedure. The financial staff should conduct market price assessments at all times and be aware of the potential impact of future market price fluctuations on the profit or loss of the positions held.
 - C. Liquidity and cash flow risk management: In order to ensure market liquidity, the financial institution that trades in the selection of financial instruments must have adequate equipment, information and trading capabilities.
 - D. Operational risk management: The authorization limits and operational procedures must be complied with.
 - E. Legal risk management: Any document signed with a financial institution must be reviewed by a specialist in legal affairs or legal counsel before it is formally signed.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

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, and shall report the implementation of the annual audit plan together with the internal auditing operation in the prescribed format to the competent securities authorities through the Internet information system by the end of February of the following year, and report the abnormal improvement situation to the competent securities authorities through the Internet system by the end of May of the following year. If any material violation is discovered, all audit committee shall be notified in writing.

Article 21 Periodic evaluation and handling of abnormal situations

1. 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.
2. The Board shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk and to 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. The personnel shall regularly evaluate whether the risk management measures currently in use are appropriate. In the event of any abnormalities, necessary measures should be taken and reported to the Board immediately. The Board, with independent directors presented, shall express their views

Article 22

As the Company engages in derivatives trading, it shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the regular assessment of derivative trades shall be recorded in detail in the log book.

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

Article 23

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

Article 24

As the Company participates in a merger, demerger, acquisition, or transfer of shares, it 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 25

As the Company participates in a merger, demerger, or acquisition, it shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, along with all participating companies unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.

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

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

1. 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 that is listed on an exchange or has its shares traded on an OTC market 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(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 26

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 27

As the Companies participating in a merger, demerger, acquisition, or transfer of shares, it 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 28

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 29

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 30

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 25, Article 26, and Article 29.

Chapter VI Additional Provisions

Article 31 Penalty

Any director, audit committee or manager of the Company who violates the provisions of the Procedure or the Code and causes significant damage to the Company may be dismissed by a resolution of the Board.

The Company's relevant executive officers shall be punished by any violation of the Procedure or the Code in accordance with the Company's relevant personnel rules and regulations, depending on the severity of the case.

Article 32

The Procedure shall be implemented after it has been approved by the Audit Committee and submitted to the Board of Directors for approval, and then it shall be submitted to the

shareholders' meeting for approval, and the same applies to amendments. If any director expresses dissenting opinion and there is a record or written statement, the Company shall propose the information of the dissenting opinion of the directors to the Audit Committee.

When the procedure for the acquisition or disposal of assets are submitted to the Board for discussion in accordance with the foregoing provisions, the views of the independent directors shall be fully considered and any dissenting views or reservations of the independent directors shall be set out in the minutes of the Board meeting.

The establishment or amendment of procedures for the acquisition or disposal of assets shall be approved by at least one-half of all members of the Audit Committee and submitted to the Board for a resolution, subject to the provisions of Article 4, paragraph 5 and 6.

Article 33

If there are any matters not covered by the Procedure, they shall be dealt with in accordance with relevant laws and regulations.

Article 34

The Procedure was established on Jun. 24, 2005.

The 1st amendment was made on Jun. 22, 2007.

The 2nd amendment was made on Apr. 16, 2010.

The 3rd amendment was made on May 25, 2012.

The 4th amendment was made on Jun. 26, 2014.

The 5th amendment was made on May 28, 2015.

The 6th amendment was made on Jun. 21, 2018.

The 7th amendment was made on Jun. 25, 2019.

The 8th amendment was made on Jun. 22, 2022.