

Alpha Networks Inc.

Procedures for Acquisition or Disposal of Assets

Article 1 Basis of formulation

These procedures are promulgated pursuant to Article 36-1 of Taiwan Securities and Exchange Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.

Article 2 Scope of assets

1. Investments in stocks, government bonds, corporate bonds, finance bonds, securities representing interests in a fund, deposit receipts, call (put) options, beneficial interest securities, and asset-backed securities.
2. Real estates (including land, houses and buildings, investment properties, and inventory in construction industry) and equipment.
3. Membership certificates.
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, spin offs, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 3 Definition

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, finance 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 lease contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, spin offs, acquisitions, or transfer of shares in accordance with law: Refer to assets acquired or disposed through mergers, spin offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, the Finance Holding Company Act, the Finance Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the “Regulations Governing the Preparation of Finance Reports by Securities Issuers”.
4. Professional appraiser: Refer to a real estate appraiser or other persons duly authorized by laws to engage in the value appraisal of real estate or equipment.
5. Date of occurrence: Refer to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of resolutions of the board of directors, or other date that can confirm the counterpart and amount of the transaction, whichever date is earlier; for investment for which approval of the authority is required, the earlier of the above date or the date of receipt of approval by the authority shall apply.
6. Mainland China area investment: Refer 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”.
7. Investment professional: Refer to finance holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the finance authorities of the jurisdiction where they are located.
8. Securities exchange: "domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a finance institution that is regulated by the foreign authority and that is permitted to conduct securities business.
10. "Within the preceding year" as used 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.
11. “The latest financial statements” used herein means the financial statements of the Company audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets.
12. The term "major assets or derivatives transactions” refers to the transactions approved by the board of directors in accordance with the Company's articles of incorporation, laws or these procedures.
13. The term “10% of the Company’s total asset” used herein shall be calculated based on the total assets stated in the latest recent standalone financial statements.

Article 4

Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters who provide the Company the 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 more than one year for a violation of these procedures, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Finance Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three 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 following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When doing a case, they shall appropriately plan and execute adequate working procedures, in order to make a conclusion and issue the report or opinion based on the conclusion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, 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 an attestation statement including the professional competence and independence of the personnel who prepared the report or opinion, and the evaluation of the reasonableness, accuracy, and compliance of the applicable laws and regulations for the information used.

Article 5 When acquiring or disposing the real estates, equipment or right-of-use assets, the Company shall obtain the appraisal reports:

1. The appraisal report for real estates or equipment

In acquiring or disposing real estates, 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 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 set 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 procedures 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 are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and 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.
2. No more than three 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 market value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 6 When acquiring or disposing marketable securities, the Company shall obtain the opinion of the CPA

When acquiring or disposing marketable securities, the Company shall obtain the latest financial statements, audited or reviewed by a CPA, of the issuing company, prior to the date of occurrence, for reference in appraisal of the transaction price. If the amount of the transaction reaches 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 to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the expert report as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, this requirement does not apply to publicly quoted prices of marketable securities that have an active market, or where otherwise provided by regulations of the Finance Supervisory Commission.

Article 7 When acquiring or disposing intangible assets, right-of-use assets, or membership certificates, the Company shall obtain the opinion of the CPA

Where the Company acquires or disposes intangible assets, right-of-use assets, or membership certificates 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 to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.

Article 8 Procedures for calculating the transaction amount of acquiring or disposing of assets

The calculation of the transaction amount aforementioned in article 5 to 7 shall be in accordance with the subparagraph 7 of the paragraph 1 of the Article 13. The transaction amount from a professional appraiser's evaluation report or a CPA's opinion needs not to be counted in.

Article 9

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

Article 10 Procedures for related party transactions

1. When the Company engages in acquisition or disposal of assets from or to a related party in accordance with the provisions of article 5 to 9 of these procedures, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with the provisions of article 5 to 7 of these procedures, given the transaction amount more than 10% of the Company's total assets.

The calculation of the transaction amount shall ybe made in accordance with the subparagraph 7 of paragraph 1 of article 13. The transaction amount from a professional appraiser's report or a CPA's opinion needs not to be counted in. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Operating procedures

When the Company acquires or disposes real estates or right-of-use assets thereof from or to a related party, or when it acquires or disposes assets other than real estates or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of the paid-in capital, 10 percent or more of the total assets, or NT\$300 million or more, except in trading domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust agencies, 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 resolved by the audit committee:

- (1) The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.
- (2) The reasons for choosing the related party as a transaction counterparty.
- (3) With respect to the acquisition of real estates or right-of-use assets thereof from a related party, information regarding the appraisal of the reasonableness of the preliminary transaction terms in accordance with this the subparagraph 1 to 4 of paragraph 3 of the article.
- (4) The date and price at which the related party originally acquired the asset, the original transaction counterparty, and the relationship of the Company, the related party and the transaction counterparty.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and the evaluation of the necessity of the transaction, and the 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 transaction amount shall be in accordance with the subparagraph 7 of paragraph 1 of article 13. The amount of transactions submitted to the audit committee and approved by the board of directors shall need not be counted in.

The major asset or derivative transactions shall be approved by a majority of all audit committee members and submitted to the board of directors for a resolution. If the approval of all audit committee members is not obtained, the procedures may be implemented with approval of more than two-thirds of all directors and the resolution of the audit committee shall be specified in the meeting minutes of the board of directors. With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, it shall take into consideration of each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be specified in the meeting minutes of the board of directors. The total number of audit committee members and total directors shall be counted as the actual number of persons currently holding those positions.

3. The evaluation of the reasonableness of cost

- (1) The Company that acquires real estates or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction cost by the following means:
 - A. Based upon the price of the related party transaction, necessary interests on funding and the cost to be duly borne by the buyer shall be added in. "Necessary interests on funding" is computed as the weighted average interest rate on borrowing in the year the Company purchases the asset; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - B. The appraisal of total loan value shall be made from a financial institution where the related party has previously made a mortgage on the asset as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the appraised loan value of the asset and the period of the loan shall have been one year or more. However, this regulation shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (2) Where land and houses thereupon are combined as a single property purchased or leased in one transaction, the transaction cost for the land and the houses may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) The Company that acquires real estates or right-of-use assets thereof from a related party, the appraisal of the cost of the real estates or right-of-use assets shall be in accordance with the subparagraph 1 to 2 of paragraph 3 of this article and the Company shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) When the results of the Company's appraisal conducted in accordance with the subparagraph 1 to 2 of paragraph 3 of this article are uniformly lower than the transaction price, the matter shall be executed in accordance with the subparagraph 5 of paragraph 3 of this article. However, where the following circumstances exist and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:

- A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
- i. The undeveloped land is appraised in accordance with the means in the preceding Article. Houses are appraised according to the related party's construction cost plus reasonable construction profit and the sum is more than 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 latest recent 3 years or the gross profit margin for the construction industry for the latest period as announced by the Ministry of Finance, whichever is lower.
 - ii. 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.
- B. When acquiring real estates, or obtaining real estate right-of-use assets through leasing from a related party, the Company provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring parcels of land in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels with value close to the public market value; transactions involving similarly sized parcels in principle refer 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 estate or the right-of-use assets thereof.

- (5) When acquiring real estates or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the subparagraph 1 to 2 of paragraph 3 of this article are uniformly lower than the transaction price, the Company shall take the following steps.

The Company and the publicly traded companies which are accounted by equity method by the Company set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on the decline in market value of the assets it purchased or leased at a premium, or these assets 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 Finance Supervisory Commission has given its consent.

- A. A special reserve shall be set aside in accordance with the paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the transaction price of the real estates or the right-of-use assets and the appraised cost of these assets, and the special reserve may not be distributed or used for capital increase or issuance of new shares. Where the investee in which the Company uses the equity method to account for its investment is a public company, then the special reserve called for under the paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the shareholding of the equity of the public company.

- B. The audit committee shall comply with the paragraph 4 of Article 14-4 of the Securities and Exchange Act and Article 280 of the Company Act.
 - C. Actions taken pursuant to the 1st and 2nd item of subparagraph 5 of paragraph 3 of this article shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (6) When the Company acquires real estates from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the paragraph 1 and 2 of the article and the subparagraph 1 to 3 of paragraph 3 of this article about the evaluation of the reasonableness of transaction cost, do not apply:
- A. The related party acquired the real estate or right-of-use assets thereof through inheritance or as a gift.
 - B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or right-of-use asset thereof to the signing date for the current transaction.
 - C. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estates, either on the company's own land or on rental land.
 - D. The right-of-use asset of the real estate for business use is acquired by the Company with its parent company or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- (7) The Company obtains real estates or right-of-use assets thereof from a related party, it shall also comply with the subparagraph 5 of paragraph 3 of this article if there is other evidence indicating that the acquisition was not an arm's length transaction.
4. 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 the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may delegate the chairman to decide such matters NT\$ 300 million and have the decisions subsequently submitted to and ratified by the next meeting of board of directors:
- (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
 - (2) Acquisition or disposal of real estates or right-of-use assets held for business use.
- With respect to the types of transactions in the preceding paragraph, when to be conducted between subsidiaries of 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 board of directors may delegate the chairman to decide such matters within NT\$ 150 million and proceed based on the procedures in the preceding paragraph.

Article 11 The procedures for acquisition or disposal of financial derivatives

1. Trading principles and strategies:

(1) Transaction types

- A. Financial derivatives referred to in these procedures are the financial products whose value is derived from forward contracts, option contracts, futures contracts, leveraged guarantees contracts and swaps, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests;
- B. 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.
- C. Regarding to bond margin trading should be executed in accordance with the relevant provisions of these procedures.

(2) Operating or hedging strategies

The purpose of financial derivative transactions shall be hedge oriented. Trading counterparties should be domestic and foreign financial institutions.

(3) Segregation of duties

- A. Finance Division: Be responsible for foreign exchange management system, such as collecting foreign exchange market information, judging trends and risks, being familiar with financial products and trading skills, etc. Besides, follow the instructions from the finance director and be authorized to manage the foreign exchange positions and hedge foreign exchange risks in accordance with company policies.
- B. Accounting Division: Understand the Company's overall foreign exchange position, and regularly recognize realized and unrealized exchange gains and losses for Finance Department to make hedge arrangements.
- C. Execution by: authorized personnel-in-charge from the Finance Division.
- D. Authorization limit:

i. The authorization limit is set as follows:

	The Company		Subsidiaries	
	Per transaction	Daily transactions	<u>Per transaction</u>	<u>Daily transactions</u>
Chairman	<u>More than US\$ 10 million</u>	<u>More than US\$ 30 million</u>	<u>More than US\$ 5 million</u>	<u>More than US\$ 15 million</u>
President	<u>US\$ 10 million</u>	<u>US\$ 30 million</u>	<u>US\$ 5 million</u>	<u>US\$ 15 million</u>
Chief Finance Officer	<u>US\$ 5 million</u>	<u>US\$ 15 million</u>	<u>US\$ 2.5 million</u>	<u>US\$ 7.5 million</u>
Finance Director	<u>US\$ 2 million</u>	<u>US\$ 5 million</u>	<u>NA</u>	<u>NA</u>

- ii. The major asset or financial derivative transactions shall be approved by a majority of all audit committee members and submitted to the board of directors for a resolution. If the approval of all audit committee members is not obtained, the procedures may be implemented with the approval of more than two-thirds of all directors and the resolution of the audit committee shall be specified in the meeting minutes of the board of directors.

With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, it shall take into 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 meeting minutes of the board of directors. The total number of audit committee members and total directors shall be counted as the actual number of persons currently holding those positions.

(4) Performance evaluation

Daily operation details (amount, exchange rate, bank, maturity date) are disclosed on the daily cash statement to understand the profit and loss status; in addition, exchange gains and losses are settled monthly, quarterly, and annually.

(5) Trading limit

A. Exchange rate transactions: The principal amount for risk hedge is based on the business of the Company. The principal amount must not exceed foreign currency net assets (or liabilities) add the net position of estimated revenue (or purchases) in the next 2 months. However, foreign exchange swap transactions for fund dispatching don't apply to the limit.

B. Interest rate transactions: subject to the Company's long-term loan balance and repayment period.

C. Other hedge transactions, designed for hedging exchange rate risk or interest rate risk resulted from assets, liabilities, issuing overseas equity (such as ADR) or bonds (such as ECB) or other financial products, confirmed commitments, and highly likely prospective transactions, etc., shall be limited to the total amount of the balance, and an evaluation report is prepared. The hedge transactions can be done after approval by the president.

(6) Loss Cap

	All contract	Individual contract
The maximum loss for hedge transactions	15%	20%

2. Risk Management

(1) Credit risk management: Trading counterparties shall be domestic and foreign financial institutions. Otherwise, decision-maker officer of Finance Department should approve.

(2) Market risk management: Mainly through the inter-bank market transactions.

(3) Liquidity risks management: To ensure liquidity, the trading banks must have sufficient facilities, information and transaction capabilities.

(4) Operation risks management:

A. The authorization limit and operation procedures must be strictly followed.

B. Personnel engaged in derivative transactions may not serve concurrently in other operations such as confirmation and settlement.

C. The personnel responsible for risk measurement, risk monitoring, and risk control and the personnel in the preceding subparagraph shall be assigned to different departments and these personnel shall report to the board of directors or senior management personnel without responsibility for trading or decision of derivative position.

(5) Legal risks management: Any document signed with banks must be reviewed by legal personnel.

(6) Cash flow risk management: In order to ensure the stability of the working capital of the Company, the Company should maintain sufficient liquid assets and financing lines to meet the demand for delivery funds.

3. Internal audit system

- (1) The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on financial derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.
- (2) The internal auditors shall declare the audit report and annual audit report about the status of internal audit operations to Finance Supervisory Commission before the end of February of the following year.

4. Evaluation method and handling of abnormal situations

- (1) The positions from financial derivative transactions shall be evaluated twice per month. Evaluation reports shall be submitted to finance director for review.
- (2) The exchange gains or losses shall be recognized quarterly, half-yearly, and annually based on mark to market and disclosed in the financial statements.
- (3) When abnormal circumstances are found in the course of supervising trading and the trading results, the finance director shall make appropriate measures and make a report immediately to the board of directors; an independent director shall be in the meeting and express an opinion.

5. The supervision and management rules of the board of directors towards financial derivative transactions

- (1) Decision-maker officer of Finance Department shall pay attention to monitor and control the risk of financial derivative transactions. The management principles are as follows.
 - A. Regularly assess whether the risk management measures used are appropriate and are in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Company's prescribed procedures for dealing with financial derivatives.
 - B. When abnormal circumstances are found in the course of supervising trading and the trading results, appropriate measures shall be adopted and a report shall immediately be made to the board of directors; an independent director shall be in the meeting and express an opinion.
- (2) Regularly assess whether the performance of financial derivative trading is consistent with the established operation strategies and whether the risk undertaken is within the Company's permitted scope of tolerance.
- (3) When engaging in financial derivative transactions, the Company shall authorize the relevant personnel to execute the financial derivative trading in accordance with these procedures. The Company shall report in the next meeting of board of directors.
- (4) When engaging in financial derivative trading, the Company shall establish a memorandum book to record the details of the types and amounts of financial derivative trading engaged in, the approval dates of the board of directors, and the evaluation matters required under subparagraph 1 of paragraph 4 and subparagraph 1 to 2 of paragraph 5 of this article.

Article 12 The Procedures of handling merger, splits, acquisitions and assignment of shares

1. Evaluation and operating procedures

- (1) When conducting a merger, spin off, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to express 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 of a subsidiary in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital of the subsidiary, or in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital of the respective subsidiaries.
- (2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin off, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in the subparagraph 1 of paragraph 1 of the article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, spin off, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, spin off, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, spin off, 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, spin off or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

2. Other Precautions

- (1) Date of the board of directors: The companies participating in a merger, spin off, or acquisition shall convene a meeting of the board of directors and a shareholders' meeting on the same day to resolve matters relevant to the merger, spin off, or acquisition, unless another act provides otherwise or the Finance Supervisory Commission is notified in advance of extraordinary circumstances and grants consent.
The companies participating in a transfer of shares shall call meetings of the board of directors on the same day, unless another act provides otherwise or the Finance Supervisory Commission is notified in advance of extraordinary circumstances and grants consent.
- (2) Prior confidentiality commitment: The personnel participating in a merger, spin off, or acquisition shall issue a notice with confidentiality commitment in writing stating that disclosure of the contents of a merger, spin off, or acquisition is prohibited and engaging in the transactions of stocks or the equity-based marketable securities of the participating companies in a merger, spin off, or acquisition is also not allowed.

(3) Principles of change of the share exchange ratio or acquisition price: When engaging in a merger, spin off, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the following circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin off, acquisition, or transfer of shares:

- A. Seasoned equity offering, issuance of convertible corporate bonds, or the issuance of stock dividends, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based marketable securities.
- B. An action, such as the disposal of major assets, affects the financial operations of the companies.
- C. An event, such as a major disaster or the major change in technology, affects shareholder equity or share price.
- D. An adjustment from buying back the treasury stocks of any of the companies participating in the merger, spin off, acquisition, or transfer of shares.
- E. An increase or decrease in the number of entities or companies participating in the merger, spin off, acquisition, or transfer of shares.
- F. Other terms/conditions specified in the contract and publicly disclosed.

(4) Contents of the contract: When a merger, spin off, acquisition, or transfer of shares occurs, the contract shall specify the rights and obligation of companies participating in a merger, spin off, acquisition, or transfer of shares and stipulate the following items:

- A. Handling of breach of the contract.
- B. Principles for the handling of equity-based marketable securities issued or treasury stock bought back by any company that is extinguished in a merger or that is demerged.
- C. Principles for the handling of the amount of treasury stock which the participating companies are permitted to buy back after the record date of calculation of the share exchange ratio in accordance with laws.
- D. The manner of handling changes in the number of participating entities or companies.
- E. Preliminary progress schedule for plan execution, and anticipated completion date.
- F. Scheduled date for convening the mandated shareholders meeting and relevant procedures if the plan exceeds the deadline without completion.

(5) Change of the number of companies participating in a merger, spin off, acquisition, or transfer of shares: After the public disclosure of the information, if any company participating in the merger, spin off, acquisition, or share transfer intends further to carry out similar transactions with other companies, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin off, acquisition, or share transfer; except that where the number of participating companies decreased and the shareholders meeting of a participating company has adopted a resolution authorizing the board of directors to alter the authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

- (6) Where any of the companies participating in a merger, spin off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and comply with the subparagraph 1, 2, 5, 7 and 8 of paragraph 2 of this article.
- (7) When participating in a merger, spin off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
- A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreigners) of all persons involved in the planning or implementation of any merger, spin off, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - B. 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 meeting of the board of directors.
 - C. Important documents and minutes: Including plans for a merger, spin off, acquisition, and transfer of shares, any letter of intent or memorandum of understanding, material contracts, and meeting minutes of the board of directors.
- (8) Within two days from the date of passage of a resolution by the board of directors, submit (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 Finance Supervisory Commission for record.
- (9) Where any of the companies participating in a merger, spin off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with the Company and the related matters shall be executed in accordance with the provisions of the subparagraph 7 and 8 of paragraph 2 of this article.

Article 13 The procedures of information disclosure

1. Declaration matters and standards

Under any of the following situations, the Company shall publicly announce and report the relevant information of the acquisition or disposal of assets on the Finance Supervisory Commission's designated website in the appropriate format as prescribed by regulations within two days counting inclusively from the date of occurrence of the event:

- (1) Acquisition or disposal of real estates or right-of-use assets from a related party, or acquisition or disposal of assets other than real estates 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 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, spin off, acquisition, or transfer of shares.
 - (3) Losses from financial derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
 - (4) Where the transaction counterparty of acquisition or disposal of equipment or right-of-use assets thereof for business use occurs is not a related party, and the transaction amount reaches NT\$500 million or more.
 - (5) Where real estate is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rental land, joint construction and allocation of houses, 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 or more.
 - (6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of claims 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 or more; provided, this shall not apply to the following circumstances:
 - A. Trading of domestic government bonds.
 - B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - C. Trading of bonds with repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (7) The amount of transactions above shall be calculated as follows:
 - A. The amount of each individual transaction.
 - B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estates or right-of-use assets thereof within the same development project within the preceding year.
 - D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
2. Announcement and declaration procedures
- (1)The Company shall submit relevant information to the website designated by the Finance Supervisory Commission for announcement and declaration.
 - (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 Finance Supervisory Commission by the 10th day of each month.

- (3) If there is an error or omission in an item required by regulations to be publicly announced and the error or omission is required to be corrected, all of the items shall be publicly announced and reported again within two days counting inclusively from the date of knowing of such error or omission.
- (4) When acquiring or disposing assets, the Company shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports and the opinions of CPAs, attorneys, and securities underwriters at the Company and the data shall be retained for five years except where another act provides otherwise.
- (5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and declared in accordance with the preceding article, a public declaration of relevant information shall be made on the information reporting website designated by the Finance Supervisory Commission within two days counting inclusively from the date of occurrence of the event:
 - A. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - B. The merger, spin off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - C. Change of the originally publicly announced and declared information.

Article 14 The subsidiaries of the Company shall comply with the following regulations:

1. Subsidiaries should also formulate "Procedures for the Acquisition or Disposal of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". After the procedures have been approved by the board of directors of subsidiaries, and the procedures shall be sent to a shareholders' meeting for approval. The same applies when the procedures are amended.
2. When acquiring or disposing assets, a subsidiary shall follow the Company's regulations. However, if the subsidiary has established "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by Finance Supervisory Commission and has taken into consideration the opinions of the Company, the subsidiary could follow its own procedures to deal with related matters.
3. If the subsidiary is not a public company and the assets acquired or disposed meet the announcement and declaration requirements set in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall also execute the announcement and declaration matters on behalf of the subsidiary.
4. Regarding to announcement and declaration standards, the relevant paid-in capital or total assets are based on the parent company's paid-in capital or total assets.

Article 15 Penalties

When the Company's personnel-in-charge violate these procedures, they shall be subject to disciplines in accordance with the relevant personnel management regulations of the Company depending on the status of such fault.

Article 16 Implementation and revision

The "Procedures for Acquisition or Disposal of Assets" of the Company shall be submitted to the audit committee for approval. After the procedures have been approved by the board of directors, the procedures shall be sent to a shareholders' meeting for approval. The same applies when the procedures are amended. When formulating or amending these procedures, the Company shall take into consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the meeting minutes of the board of directors.

When the Company formulates or amends these procedures, the formulation or amendment shall be approved by a majority of all audit committee members and then be submitted to the board of directors for a resolution.

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

The total number of audit committee members and total directors shall be counted as the actual number of persons currently holding those positions.

Article 17

To acquire or dispose assets complying with these procedures or other legal requirements shall be approved by a majority of all audit committee members and submitted to the board of directors for a resolution.

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

The total number of audit committee members and total directors shall be counted as the actual number of persons currently holding those positions.

The board of directors are authorized to stipulate the total amount of securities invested by the Company and its subsidiaries, the limit of individual investment, and the total amount of real estates and the right-of-use real estates not for business use in these procedures.

Asset items	Parent Company		Subsidiaries		Total investment limit	Individual investment limit
	Approver	Authorization limit	Approver	Authorization limit		
real estates and right-of-use real estates not for business purpose	All need to be approved by the board of directors		All need to be approved by the board of directors		30% of Net Value	15% of Net Value
Equity investment	BOD	More than NT\$ 50 million	BOD	More than NT\$ 25 million	120% of Net Value	50% of Net Value
	Chairman	NT\$ 50 million and below	Chairman	NT\$ 25 million and below		
Long-term secured bond	Chairman	More than NT\$ 20 million	Chairman	More than NT\$ 10 million	30% of Net Value	15% of Net Value
	President	NT\$ 20 million and below	President	NT\$ 10 million and below		
Short-term bonds and money market funds	Chairman	More than NT\$ 20 million	Chairman	More than NT\$ 10 million	30% of Net Value	15% of Net Value
	President	NT\$ 20 million and below	President	NT\$ 10 million and below		
Other marketable securities	Chairman	More than NT\$ 20 million	Chairman	More than NT\$ 10 million	10% of Net Value	5% of Net Value
	President	NT\$ 20 million and below	President	NT\$ 10 million and below		

- * Short-term bonds shall not be operated through multiplier leverage by any means of pledge, margin or similar tools, resulting in the effect of expanding profits and losses.
- * Investment and establishment of a subsidiary whose shares are directly or indirectly 100% owned by the Company is not restricted by the total equity investment limit.
- * “Net Value” in these procedures means the equity attributable to the owners of the parent company in the balance sheet of each company.

Article 18 Supplementary Provisions

The regulations of these procedures shall be executed in accordance with the relevant laws if there are relevant matters not specified in these procedures or there are issues when applying these procedures to deal with. If there are no provisions in the laws, it shall be handled in accordance with the relevant regulations of the Company or decided by the board of directors.

Article 19

These procedures were formulated on 2nd March, 2004.

Its first amendment was made on 17th May, 2004.

Its second amendment was made on 8th June, 2007.

Its third amendment was made on 13th June, 2008.

Its fourth amendment was made on 15th June, 2012.

Its fifth amendment was made on 20th June, 2014.

Its sixth amendment was made on 17th June, 2016.

Its seventh amendment was made on 16th June, 2017.

Its eighth amendment was made on 14th June, 2019.

Its ninth amendment was made on 28th January, 2021.

Its tenth amendment was made on 18th June, 2021.