

Inventec Corporation

Procedures for Acquisition or Disposal of Assets

Article 1

The company shall comply with the Procedures when acquisition or disposal of assets.

Assets

Article 2

The term "assets" as used in these Procedures 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 estate (including land, houses and buildings, investment property) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchises, and other intangible assets.
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 3

Terms used in these Procedures are defined as follows:

1. 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 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.
2. Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. 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 Procedures Governing Permission for Investment or Technical Cooperation in the Mainland Area.

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

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act 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 following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the 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 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 reasonable and accurate, and that they have complied with applicable laws and regulations.

Disposition Procedures

Article 4

Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets:

1. The case-handling units shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the responsible department for the decision and executed by the asset management department. Related matters shall be processed in accordance with the Company's Procedures relating to the internal control procedure.
 - (1) The means of price determination and supporting reference materials not only refer to the opinions of professional appraisers and accountants but also conduct as below:
 - (a) For securities acquired or disposed in the centralized securities exchange market or OTC market shall be determined by the price of current equity or bonds. For securities not acquired or disposed in the centralized securities exchange market or OTC market ,the price shall be determined by reference to net worth per share, profitability, potential for future development, market interest rate, coupon rate, credit of debtor and then transaction price.
 - (b) The price of acquisition or disposal of real estate , equipment and right-of-use assets shall be determined by reference to the publicly announced current value, appraised current value and actual transaction price in the vicinity and shall be carried out by inquiry, price comparison, and price negotiation.
 - (c) For acquisition or disposal of memberships, patents, copyrights, trademarks, and franchises, shall consider of produced benefit, implementation of the authorization The price shall be determined by reference to recent ransactions price and carried out by inquiry, price comparison, and price negotiation.
 - (d) For acquisition or disposal of derivatives shall consider of futures market transactions and exchange and interest rate chart. The price shall be carried out by inquiry, price comparison, and price negotiation.
 - (e) Participating in a merger, demerger, acquisition, or transfer of shares in

accordance with law shall consider of business nature, net worth per share, technique, profitability and potential for future development.

(2) Level of authority:

Transaction amount reaches 5% or more of the Company's net worth of latest financial report shall be subject to the consent of audit committee and be submitted to board of director for a resolution.

- (a) The cumulative transaction amount of acquisition or disposal of the same securities within the preceding year reaches NT\$300 million shall be evaluated by finance department and be approved by the board of directors.
- (b) Acquire or dispose of real estate or right-of-use assets from related party shall prepare relevant information and be approved by the board of directors in accordance with article 8.
- (c) Derivative conduct in accordance with article 12.
- (d) Others conduct in accordance with internal control procedure. In addition, transaction amount reaches NT\$300 million or more shall be approved by the board of directors.
- (e) Acquisition or disposal of assets which governed by Article 185 of the Company Act shall be subject to the consent of audit committee and be submitted to board of director for a resolution and submit to shareholders' meeting for approval.

2. Unless there have other Procedures about the units responsible for implementation, otherwise finance department is the responsible department for securities investments, derivative product and participating in a merger, demerger,, acquisition or share transfer ; The using department and relevant responsible departments are responsible for real estate and equipment. Acquisition or disposal of assets which are not securities investment, real estate and equipment shall be evaluated by relevant responsible department.

3. In acquiring or disposing of real property ,equipment or right-of-use assets, unless transactions with domestic governmental agencies, engaging others to build on its own land, engaging others to build on rented land or the acquisition or disposal of equipment for business use or right-of-use assets, the appraisal report shall be obtained prior to the date of occurrence of the event from a professional appraiser if the transaction amount is more than 20% of the Company's paid-in capital or NTD 300 million and shall further comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price,

- the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall also be followed whenever there is any subsequent changes to the terms and conditions of the transaction.
- (2) Where the transaction amount is NT\$1 billion or more , appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of 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.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 5

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by Procedures of the Financial Supervisory Commission (FSC).

Article 6

Where the Company acquires or disposes of memberships or intangible assets, right-of-use assets 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; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 6-1

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 27, 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 in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies need not be counted toward the transaction amount.

Article 7

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 8

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 6-1 herein.

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

When the Company intends to acquire or dispose of real property or right-of-use assets 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 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 repurchase of domestic money market funds which is published 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 audit committee and passed by the board of directors .

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9 and Article 10.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of 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 the preceding paragraph shall be made in accordance with Article 27, 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 board of directors in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies don't need be counted toward the transaction amount.

When the procedures for the acquisition and disposal of assets are 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.

Article 9

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

1. Based upon the related party's transaction price plus necessary interest on funding

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

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

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

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

Where the Company acquires real property or right-of-use assets 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 through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date for the current transaction.
3. The real property is acquired through 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 or right-of-use assets for business use are acquired by the Company with subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 10

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

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquiring real property or obtaining real property right-of-use assets through leasing from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to 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..

Article 11

Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with the preceding two Articles

are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property or right-of-use assets 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 Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Audit committee shall comply with Article 14-4 of Securities and Exchange Act..
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

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

Engaging in Derivatives Trading

Article 12

Engaging in derivatives trading shall aims to ensure the Company's operating profit and avoid the risk which is triggered by exchange rate, interest rate or asset price volatility, and the target is not to gain speculative profit.

1. Transaction types: Forward contracts (not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts), options contracts, futures contracts, leverage contracts, and 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.
2. Level of authority:

- (1) The amount of individual contract is more than USD 10 million dollars:
general manager.
- (2) The amount of individual contract is less than USD 10 million dollars:
manager of finance department.

Article 13

Segregation of duties

1. Finance department

- (1) In addition to obtain market information, judge trends and risks, familiar with financial products, related Procedures and operating skills, finance department also engage in transaction in accordance with the instructions and authorization of authority manager to avoid the risk of market price fluctuation.
- (2) Evaluate regularly.
- (3) Provide the information of risk exposure.
- (4) Evaluate, supervise and control transaction risk.

2. Accounts department

- (1) Keep accounts and prepare financial statements in conformity with Generally Accepted Accounting Principles.
- (2) Announce and declare regularly.

Article 14

Essentials of performance evaluation

1. Hedging transaction shall evaluate twice per month regularly and financial transaction shall evaluate once per week regularly. The evaluation report shall be submitted and approved by the general manager and manager of finance department.
2. Performance evaluation shall compare with presetting assessment criteria on evaluation day as a reference for future decision making.

Article 15

Total amount of engage in contracts and limit amount of maximum loss

1. Hedging transaction:

Total contract amount is limited to 50% of the latest quarter's operating revenue.
Loss amount is limited to 20% of the contract and apply to individual and all contracts.

2. Financial transaction :

Total contract amount is limited to 10% of the latest quarter's operating revenue.

The maximum loss limit of total contract is USD 200 thousands.

The maximum loss limit of individual contract is USD 50 thousands.

Settings stop-loss point based on the average price of derivative contract. If the amount exceeds stop-loss point, the Company shall convene a meeting to improve it.

Article 16

The Company engaging in derivatives transaction shall adopt the following risk management measures:

1. Scope of risk management:
 - (1) Risk management of credit: The Company shall choose a financial institution which is reputable or has business dealings with the Company as counterparty.
 - (2) Risk management of market price: The finance department shall pay attention to the profit and loss impact when market prices fluctuate.
 - (3) Risk management of liquidity: In order to ensure the liquidity of derivatives market, the financial institution shall have adequate equipment, information and trading capability, and can trade in any market.
 - (4) Risk management of cash flow: Derivate transactions are based on trading substance to ensure the capability to fulfill settlement obligations. Finance department shall pay attention to the Company's cash flow to ensure the Company have sufficient cash to pay when settlement.
 - (5) Risk management of operation: The in-charge department shall comply with authorized limits and workflow.
 - (6) Risk management of legislation: In addition to the documents which state commercial terms, agreements for financial transaction shall reviewed by legal personnel or consultant before signing.
 - (7) Commodity risk management: the Company shall have complete and correct professional knowledge of financial instruments, and shall require banks to fully disclosure of risk in order to avoid the risk of misuse of financial instruments.
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.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at

least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

5. Other important risk management measures.

Article 17

Where the Company engaging in derivatives trading, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior manager to pay attention continually to monitor and control derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Senior manager authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; an independent director shall be present at the meeting and express an opinion.

The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with these Procedures.

Article 18

The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 16 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 17 shall be recorded in detail in the log book.

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing.

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

Article 19

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

Article 20

The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts 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 21

The Company participating in a merger, demerger, or acquisition 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, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company 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 the FSC 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 shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, The Company shall within 2 days commencing immediately 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 22

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 23

The Companies participating in a merger, demerger, acquisition, or transfer of shares

may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, which affects the company's financial operations.
3. An event, such as a major disaster or major change in technology 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 24

The contract for participation 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 25

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 26

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 21, Article 22, and Article 25.

Procedures for Announcement

Article 27

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

The Company shall report related information to the website designated by FSC for announcement based on its nature in stipulated form and reporting within 2 days of the transaction date if the assets acquired or disposed of by the Company are as below:

1. Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets 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 repurchase of domestic money market funds which is published by domestic securities investment trust enterprises, are not subject to this limit.
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 the type of asset acquired or disposed is equipment/machinery or right-of-use assets for business use, the trading counterparty is not a related party, and the transaction amount reaches NT\$1 billion 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 rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds.
 - (2) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds which is published 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 trading counterparty within the preceding year.
3. The cumulative transaction amount of real property or right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) 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.

For calculation of 10% of total assets under these Procedures, the total assets stated in the most recent individual financial report prepared in accordance with Procedures Governing the Preparation of Financial Reports by Securities Issuers shall be used.

"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 Regulations Governing the Acquisition and Disposal of Assets by Public Companies don't need to be counted toward the transaction amount.

The Company shall report all items according to Regulations, and if there are errors or omissions, shall declare and report all items again within 2 days when the Company

noted after making additions and corrections.

The Company shall keep related contracts, records, memorandums, appraisal reports, opinions from accountants, lawyers or securities underwriters with the Company for at least five years, unless otherwise provided for by related Regulations.

Article 28

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately 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 29

Investment limits of the Company and subsidiary companies:

1. The investment for non-business real estate and right-of-use assets or the total amount of the securities which is anticipate be sold in the short-term shall be limited no more than net worth of the Company. Individually purchase non-business real estate and right-of-use assets or the investment amount of the securities which will be sold in the short-term shall be limited no more than 50% of the total purchasable amount.
2. Total investment amount of the securities which will not be sold in the short-term shall be limited no more than the Company's net worth. However, the amount of invest in single company (actual investment) shall be no more than 30% of the Company's net worth.

Article 30

Control procedures of acquisition or disposal of assets for the subsidiary.

1. Subsidiary shall establish Procedures for Acquiring or Disposal of Assets and implement it after approved by the board of directors and proposed to the shareholders' meeting for approval.
2. Where a subsidiary is not a public company, and acquiring or disposal of assets conform to the standard for public announcement in accordance with Article 27,

shall announced by the Company.

3. Subsidiary shall check whether the Procedures for Acquiring or Disposal of Assets conform to the regulations of the Procedures, and acquire or dispose assets in accordance with the Procedures.
4. Internal audit unit shall review the self-assessment report.

Article 31

The Company's internal audit personnel shall quarterly audit the procedure for acquisition or disposal of assets and the situation of implementation, and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing. In addition, internal audit personnel shall punish manager and in-charge personnel depend on the violation situation.

Article 32

The regulations shall be subject to the consent of audit committee, then be submitted to the board of directors for a resolution and proposed to the shareholders' meeting for approval. Any amendments shall also follow this procedure. If any director expresses an objection on the record or by a written statement, the Company shall submit the objection to the shareholders' meeting for discussion.

(The Procedures were amended on Jun. 12th, 2020.)