

Ton Yi Industrial Corp.
Operational Procedures for Acquisition and Disposal of Assets
Amended on June 20, 2019

Chapter 1 General Provisions

Article 1: The acquisition or disposal of assets by the Company shall be done in accordance with this operational procedures in addition to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission of the Executive Yuan (hereinafter the “FSC”) and any other laws and regulations.

Article 2: Assets referred to in the Procedures include the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and rights to use land) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights and other intangible assets.
5. Right-of-use asset.
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 merger, spin-offs, acquisitions or transfer of shares in accordance with the law.
9. Other important assets.

Article 3: Terms under the Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, or a combination contract or structured product in which a derivative product is embedded whose value is derived from specific interest rate, financial instrument price, commodity price, interest rates, price or rate index, credit rating, or credit index, or other variables. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other laws, or to transfer of shares

- from another company through issuance of new shares of its own as the consideration thereof under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engaging 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, date of board of directors resolution or other date that can confirm the identity of the counterpart and the monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the date of occurrence shall be the above applicable date or the date of receipt of approval from the competent authority, whichever is earlier.
 6. Mainland China area investment: Refers to investments in the mainland China conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland China Area promulgated by the Investment Commission of the Ministry of Economic Affairs.
 7. Investment professional: Refers to financial 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 competent financial 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 competent 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 financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4: Appraisal Procedures :

1. Where the Company acquires or disposes of any securities investment or engages in any transaction of derivatives, the Planning Department or the Finance Department shall perform an analysis of relevant return and evaluate possible risks. For any acquisition or disposal of real property, equipment or its right-of-use assets, each division shall draft capital expenditure plan in advance and perform feasibility evaluation about the purpose and expected return of the acquisition or disposal. Where the Company envisages transacting with a related party, an evaluation of the reasonableness of the transactional terms and conditions shall be

performed in accordance with Chapter two.

2. Where the Company envisages acquiring or disposing of securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant (hereinafter referred to as CPA), for reference in appraising the transaction price, and if the amount of the transaction reaches twenty percent (20%) of the Company's paid-in capital or NTD three hundred million (NTD 300,000,000) or more, the Company shall additionally engage a CPA 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 No. 20 of Statement of Auditing Standards published by the ROC Accounting Research and Development Foundation (hereinafter referred to as ARDF). This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as FSC).
3. In acquiring or disposing of real property, equipment or its right-of-use assets where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NTD three hundred million (NTD 300,000,000) or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction price is NTD one billion (NTD 1,000,000,000) or more, appraisal results from two or more professional appraisers shall be required.
 - (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 price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, a CPA shall be engaged to perform the appraisal in accordance with the provisions of No. 20 of the Statement of Auditing Standards published by the Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:
 - (i) The discrepancy between one appraisal result and the transaction price reaches twenty percent (20%) or more of the transaction price.
 - (ii) The discrepancy between the appraisal results of two or more

professional appraisers reaches ten percent (10%) or more of the transaction price.

- (4) 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 current value for the same period applies and no more than six months have elapsed, an opinion may still be issued by the original professional appraiser.
4. Where the Company acquires or disposes of memberships, intangible assets or its right-of-use assets and the transaction price reaches twenty percent (20%) or more of the paid-in capital of the Company or reaches NTD three hundred million (NTD 300,000,000) or more, unless transacting with a domestic government agency, the Company shall engage a CPA 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 No. 20 of Statement of Auditing Standards by the Accounting Research and Development Foundation.
5. The calculation of the transaction prices referred to in the preceding three subparagraphs shall be done in accordance with Article 6, subparagraph 2 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 the Procedures need not be counted toward the transaction price.
6. 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.
7. The price determination manner and the basis of reference for the Company's acquisition or disposal of assets shall, in addition to the professional price appraisal and opinions of relevant experts such as the accountant pursuant to the above provisions, be in compliance with the following:
 - (1) For the acquisition or disposal of securities that are already traded on any centralized trading market or over-the-counter trading center, the price shall be determined based on the price of the stock or bond at the time of trading.
 - (2) For the acquisition or disposal of securities that are not traded on any centralized trading market or over-the-counter trading center, the price shall be determined in consideration of the net value per share, technical and profit-making capabilities, future development potential, market interest rate, face value interest rate of the bond and debtor's creditworthiness, etc. and also in reference to the latest closing price at that time.
 - (3) For the acquisition or disposal of membership, the price shall be determined in consideration of the return that may be generated and in reference to the latest closing price at the time. For the acquisition or disposal of intangible assets such as patent right, copyright, trademark right and license right or its right-of-use assets, the price shall be determined in reference to international or market practice, remaining

- life and the impact on the Company's technology and business.
- (4) For the acquisition or disposal of real property or equipment or its right-of-use assets, the price shall be determined in reference to the current value under public announcement, appraised current value, actual closing price or book value of real property in the vicinity and suppliers' price proposals. Where the Company transacts with a related party, calculation shall first be made in accordance with Chapter two hereof in order to evaluate whether the transaction price is reasonable.
 - (5) Company business requirements shall be taken into consideration for the engagement of transactions of derivatives. Then reference shall be made to the trading situation of the relevant product and the trading situation of Taiwanese stocks and the stock markets in South Eastern Asian countries and European and American markets, as well as evaluation reports by reputable financial institutions or securities firms that has dealt with the Company about the future trend of the stock market, foreign exchange rate and interest rate. The above-mentioned information shall be consolidated before a decision can be made about the appropriate undertaking timing, undertaken products and undertaken amounts.
 - (6) In performing a merger, spin-off, acquisition or transfer of shares, the nature of business, net value per share, asset value, technical and profit-making capabilities, production capacity and future growth potential shall be taken into consideration.
8. When the Company performs a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to pass a resolution, a CPA, an attorney, or a securities underwriter shall be engaged to provide opinions on the reasonableness of the share swap proportion, acquisition price, or cash or other property distributed to shareholders and such opinions shall be submitted to the board of directors for discussion and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 5: Processing Procedure :

1. The Company shall proceed with the acquisition or disposal of assets specified in Article 2 of the Procedures in accordance with the following rules:
 - (1) Securities :
 - (i) For the acquisition or disposal of securities that are not traded on the centralized trading market or over-the-counter trading center with the sale or purchase price of NTD ten million (NTD 10,000,000) or lower, the chairman shall be authorized to make decisions. For any price exceeding NTD ten million (NTD 10,000,000) (inclusive), the chairman shall submit the proposal to the Board of Directors for a

discussion or a ratification. The relevant procedure shall be carried out by the Planning Department.

- (ii) For the acquisition or disposal of securities that are traded through a stock exchange or over-the-counter market, the chairman shall decide to authorize the Planning Department to carry out the transaction through a stock exchange or over-the-counter market based on the market value of the securities at that time and submit the proposal to the Board of Directors for a ratification.
 - (2) Real property, equipment or its right-of-use assets: The acquisition or disposal of real property, equipment or its right-of-use assets for an amount more than NT\$300 million must be presented to the Board of Directors for a discussion or a ratification. The land shall be investigated and evaluated by the Planning Department in accordance with the market conditions, and the acquisition shall be handled by each unit in accordance with the method of Rules Governing the Capital Expenditure Budget, shall be approved by the directors at all levels according to the checking authority, and then handled through the procurement procedures; for the disposal of the assets, the using department is to fill out the Transaction Notice or Project Form for the disposal of the assets shall be approved according to the checking authority in advance.
 - (3) Transaction with a related party:
It should be handled in accordance with the provisions of Chapter two.
 - (4) Derivatives :
It should be handled in accordance with the provisions of Chapter three.
 - (5) Merger, spin-off, acquisition or transfer of shares: It should be handled in accordance with the provisions of Chapter four. Any merger, spin-off or acquisition shall be subject to prior approval by resolution of shareholders meeting. However, if other laws provide that no shareholder resolution is necessary, it may be waived. Any transfer of shares shall be subject to prior approval by the board of directors.
 - (6) Others: The transaction shall be carried out in accordance with internal control system and decision making authorization. For any of the circumstances under Article 185 of the Company Act, prior approval by resolution of shareholders meeting shall be obtained.
2. The execution department of the Company for acquiring or disposing of securities and transactions regarding derivatives is the Planning Department and the person approved by the chairman; the execution department for real property and other assets is the departments using such real property or assets and other relevant departments with authorization; the execution department for merger, spin-off, acquisition, or transfer of shares shall be the departments assigned by the chairman. After the acquisition or disposal of an asset is evaluated and approved in accordance with relevant rules, the execution department shall proceed with the transaction procedures, including making contracts, collecting and paying, deliver and inspection and acceptance, and handle the same based on the nature of the asset in accordance with procedures regarding internal control related matters. Furthermore, transactions involving a

related party, engaging in transactions of derivatives and merger, spin-off, acquisition or transfer of shares shall also be proceeded with in accordance with Chapter two to Chapter four of the Procedures.

Article 6: Procedures of Public Announcement and Reporting :

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format and with contents by regulations within two (2) days commencing immediately from the date of occurrence of the event:
 - (1) For the acquisition or disposal of real property or its right-of-use assets with the related party, or, for the acquisition or disposal of assets other than the real property or its right-of-use assets with the related party for an amount over 20% of the paid-in capital of the Company, 10% of the total assets, or NT\$300 million. Except for the purchase and sale of the bonds, repurchase/reverse repurchase bonds, and requisition or repurchase of the money market fund issued by the domestic securities investment and trust industry.
 - (2) Engage in merger, spin-off, acquisition or transfer of shares.
 - (3) Engage in transactions of derivatives where the loss thereof reaches the limits on aggregate loss of all or individual contracts as specified in the Procedures.
 - (4) The acquisition or disposal of assets that refer to equipment used for business operation or its right-of-use assets, traded with a non-related party for an amount more than NT\$1 billion
 - (5) For the acquisition of real property by the proprietary land construction, leased land construction, joint construction - unit sharing program, joint construction – ratio sharing program, and joint construction – sales sharing program and the transaction object is not a related party. The Company is expected to invest for an amount over NT\$500 million.
 - (6) For asset trades, or investment in Mainland China, other than the practices stated in the five preceding paragraphs, for an amount over 20% of the paid-in capital or NT\$300 million; however, the following matters are not subject to such requirements:
 - (i) Trading of domestic government bonds.
 - (ii) The trade of repurchase/reverse repurchase of bonds, and requisition or repurchase of domestic money market funds issued by the domestic securities investment and trust industry.
2. 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 its 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.

The aforesaid "within the preceding year" 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.

3. 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 publicly listed companies in the R.O.C. and enter the information in the format shown in the attachment into the information reporting website designated by the FSC by the tenth (10th) day of each month.
4. The mandatory disclosures with any error or omission found at the time of announcement should be announced and reported again within 2 days from the event date.
5. After the transaction of announcement in accordance with the provisions of this Article, in any of the following circumstances, a public report of relevant information shall be made on the information reporting website designated by the FSC within two 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, spin-off, 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 7: Investment Scope and Limit :

1. The total amount of real property or its right-of-use assets acquired by the Company for non-operational use shall not exceed fifty percent (50%) of shareholder's equity. The total amount of securities acquired shall not exceed one hundred and fifty percent (150%) of shareholder's equity. Acquisition of any individual security shall not exceed thirty percent (30%) of shareholder's equity. This provision shall not be applicable if there is approval by resolution of shareholders meeting.
2. The total amount of acquisition of real property or its right-of-use assets for non-operational use by any subsidiary shall not exceed fifty percent (50%) of its capital amount or shareholder's equity (whichever is higher), the total amount of acquisition of securities shall not exceed one hundred and fifty percent (150%) of its capital amount or shareholder's equity (whichever is higher), but the provision shall not be applicable if there is approval by the board of directors of such company and ratification by the board of directors of the Company.

Article 8: Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries:

1. Subsidiaries of the Company shall establish the "Processing Procedure for

Acquisition and Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission and the Procedures. Following approval by the board of directors, such procedures shall be submitted to each supervisor and submitted to the shareholders meeting for approval. The same shall be applicable to any amendment thereof. Article 26 should be applied if the Company has instituted an Audit Committee.

2. If any subsidiary of the Company is not a publicly listed company and if the assets acquired or disposed of reaches the threshold for public announcement filing, the Company shall be notified on the date of occurrence and the Company shall make filing for public announcement on the designated website in accordance with the rules. The public announcement and reporting standard is based on the Company's paid-in capital or total assets.

Article 9: Penalty :

If the related personnel of the Company responsible for acquisition or disposal of assets violates the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSA or the Procedures, a oral warning shall be rendered for first violation, following by written warning for continual violation. Persons who violate the aforesaid repeatedly or materially shall be transferred from the original position.

Chapter 2 Related Party Transactions

Article 10: 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 in accordance with both previous Chapter and this Chapter and the reasonableness of the transaction terms is appraised, if the transaction amount reaches ten percent (10%) or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Chapter. The calculation of the transaction amount shall be made in accordance with Article 4, paragraph 1, subparagraph 5 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.

Article 11: Resolution Procedures :

When the Company intends to acquire or dispose of real property or its right-of-use assets to a related party, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a related party and the transaction amount reaches twenty percent (20%) or more of paid-in capital, ten percent (10%) or more of the company's total assets, or NTD three hundred million (NTD 300,000,000) or more. Except for the purchase and sale of the bonds, repurchase/reverse repurchase bonds, and

requisition or repurchase of money market funds issued by the domestic security investment and trust industry, the unit responsible for implementation may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and obtain the consent of more than one-half of all members and proposed to the Board of Directors for a resolution:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or its right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.
4. The date and price at which the related party originally acquired the real property, the original 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 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee in accordance with the Procedures need not be counted toward the transaction amount.

The Company engages in the following transactions with its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, the Board of Directors shall authorize the chairman to make a decision within NT\$1 billion and then report to the Board of Directors for the most recent period:

- (1) For the acquisition or disposal of equipment for business use or its right-of-use assets
- (2) For the acquisition or disposal of real property for business use or its right-of-use assets

Article 12: Assessment on Reasonableness of Transaction Conditions:

When the Company acquires real property or its right-of-use assets from a related party, the reasonableness of the transaction costs shall be evaluated 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 seventy percent (70%) or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one (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.

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

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

1. The related party acquired the real property or its right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or its right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 13: Matters to be processed where the Calculated Transaction Cost is lower than the Transaction Price:

1. If the transaction cost calculated from the results of an evaluation in accordance with paragraph 1 and paragraph 2 of the previous articles is lower than the transaction price, shall be applicable in accordance with the provisions of the third subparagraph, unless any of the following circumstances exist and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and accountant.
 - (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:
 - (i) 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 three (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.

- (ii) Concluded a transaction 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 or rental market practices.
- (2) The Company acquiring real property or rent acquisition right-of-use assets of real property 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.
2. Concluded a transaction 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 five hundred (500) meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to conclude a transaction by unrelated parties for parcels with a land area of no less than fifty percent (50%) of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or its right-of-use assets.
 3. Where the Company acquires real property or its right-of-use assets from a related party and the results of appraisals conducted in accordance with aforementioned 2 subparagraphs are uniformly lower than the transaction price, the following steps shall be processed:
 - (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 its 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.
 - (2) Independent directors of the Audit Committee shall comply with Article 218 of the Company Act.
 - (3) The processing situation of the previous 2 subparagraphs shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
 4. The Company has set aside a special reserve under the provision of the third 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.

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

Chapter 3 Monitoring of Transactions of Derivative Products

Article 14: Transaction Principles and Guidelines :

1. Types of Transactions : The types of transactions in which the Company may engage include forward contracts, options, interest rate and foreign exchange rate swaps, futures and compound contracts combining any of the above products. Any required transaction in any other product may only be carried out following approval by resolution of the board of directors.
2. Operational or Hedging Strategies: Transactions in derivative products carried out by the Company are divided into transactions for trading purpose and transactions that are not for trading purpose. In the transactions not for trading purpose, the strategy shall be to focus on the main purpose of hedging. The main selection of transaction products shall be for avoiding the risk of foreign exchange income, expense, asset or indebtedness incurred from the operation of the Company's business. In case of any change of objective environment, "trading transactions" in derivative products may be engaged at appropriate timing in the market in order to increase additional non-operational income or reduce non-operational loss. Further, to the extent possible, the selected transaction counterparties shall be financial institutions that have business dealings with the Company in order to decrease credit risk.
3. Transaction Amount Limits:
 - (1) Non-Trading Transactions: The maximum hedging limit shall be the net positions of foreign exchange (including net positions expected to incur in the future) after individual assets and debt.
 - (2) Trading Transactions: Limit on unsettled transactions shall not exceed USD 2 million. The personnel executing the trade shall first submit an analysis report on foreign exchange trends, its details must clearly analyze the trends in the foreign exchange market and recommend operating mode, and may proceed only upon getting the approval from the chairman.
4. Global and Individual Contract Loss Limit Amount :
 - (1) Non-Trading Transactions: After a position is established, in case of any of the following, recommendations of corresponding measures shall be proposed immediately to the chairman for a decision:
 - (i) Evaluated loss amount for any single contract exceeds twenty percent (20%) of the transaction contract amount for consecutive two months.
 - (ii) Evaluated loss amount for all contracts exceed ten percent of the

- total transaction contract amount for consecutive two months.
- (2) Trading Transactions: After a position is established, in case of any of the following, recommendations of corresponding measures shall be proposed immediately to the chairman, the director authorized by the chairman or general manager for decision:
 - (i) Evaluated loss amount for any single contract exceeds twenty percent of the transaction contract amount.
 - (ii) Evaluated loss amount for all contracts exceed ten percent of the total transaction contract amount.
5. Authorization Amount :
- (1) Non-Trading Transactions: Based on the changes of company revenue and risk position, and the trading personnel shall be approved by the general manager and shall be traded within USD 30 million of the accumulated trading position not exceeding the existing hedge part or the accumulated trading position. The relevant transaction must be carried out after approval by the chairman if the above amount is exceeded.
 - (2) Trading Transactions: To reduce risks, all transactions must be approved by the chairman, the director authorized by the chairman or general manager before proceeding.
6. Division of powers and responsibilities:
- (1) Finance Department:
 - (i) An executive department of a derivative commodity transaction of the Company, it is responsible for the formulation of the trading strategy within the scope of authorization, the execution of the trade command, the disclosure of future transaction risks, and providing information to the relevant departments for reference promptly. The confirmation of the transaction and the settlement of the transaction are the responsibility of other non-trading transaction executives of the Finance Department.
 - (ii) Responsible for the confirmation of the transaction, reserve the transaction records, regularly initiating the assessment of the fair value of the position held and the settlement of the derivatives.
 - (2) Accounting Department: Responsible for making vouchers based on various documents, completing relevant accounting statements according to accounting cycle and disclosing relevant information in financial reports.
 - (3) Audit Office:
 - (i) Regularly to supervise whether the assessment meets the already set business strategy and whether the risks assumed are within the company's tolerance.
 - (ii) Regularly to assess whether the currently used risk management procedures are appropriate and conduct in accordance with the company's "Policies and Procedures for Financial Derivatives Transactions".
7. Principles for Performance Evaluation:
- (1) Non-Trading Transactions: Performance evaluation shall be based on the foreign exchange (interest) rate cost on the Company's books and the profit and loss incurred from derivative financial transactions.

There shall be at least two evaluations every month and the performance shall be submitted to management for reference.

- (2) Trading Transactions: Performance evaluation shall be based on the profit and loss actually incurred. There shall be at least one evaluation every week and the performance shall be submitted to management for reference.

Article 15: Risk Management Measures:

In engaging in transactions of derivative products, the Company's risk management scope and the risk management measures to be taken are as follows:

1. Credit Risk Consideration: In principle, the selected transaction counterparties shall be financial institutions or brokerage agents that have dealings with the Company, with a good reputation and the ability to provide professional information.
2. Market Price Risk Consideration: The future market price fluctuation of derivative products may incur uncertain losses. Therefore after positions are established, the profit and loss shall continue to be followed. When the loss exceeds the preset loss stop point, report shall be made immediately to the chairman for a decision.
3. Liquidity Risk Consideration: In order to ensure the liquidity of transaction products, the transaction institution must have sufficient equipment, information and transaction capability to perform transactions in any market.
4. Processing Risk Consideration: The authorization amount and processing flow shall be strictly complied with in order to avoid any processing risk
5. Legal Risk Consideration: As far as possible, when signing any agreements with financial institutions, it shall be carefully reviewed by the organizer and assisted by the legal department or the professional legal counsel to avoid legal risks.
6. Product Risk Consideration: The internal transaction person shall possess complete and correct professional knowledge about the transacted derivative product in order to avoid loss from misuse of derivative products.
7. Cash Settlement Risk Consideration: The authorized transaction person shall strictly comply with the rules of authorization amount and shall also pay attention to the cash flow of the Company in order to ensure that there is sufficient cash for settlement.
8. Transaction personnel may not also serve as confirmation and settlement personnel.
9. Verification personnel shall regularly verify accounts with banks or through confirmation letters and shall verify whether the total amount of transaction has exceeded the limit provided under this Procedure at all times.
10. Weighing Risk. In accordance to Paragraph 8 herein, the supervising personnel and administering personnel shall not belong to the same

department, and report to the board of directors or a senior executive from a different department.

11. All positions shall be evaluated at least once every week. In case of hedging transactions pursuant to business requirement, evaluation shall be performed at least twice every month. The evaluation report shall be submitted to the general manager.

Article 16: Internal Audit System:

The internal audit staff of the Company shall regularly understand the appropriateness of internal control for transactions of derivative products, perform monthly audit on the circumstances of trading department engages in derivative commodity trading procedures and prepare audit reports. If any significant breach of this rule is discovered, an immediate report shall be submitted to chairman, the director authorized by the chairman manager and the audit committee shall be informed in writing.

Article 17: Regular Evaluation Method and Handling of Abnormal Situations:

1. Transactions of derivative products shall be regularly evaluated on monthly or weekly basis and profit and loss as well as open positions of transactions during the current month or current week shall be listed and submitted to general manager as reference for management performance evaluation and risk consideration.
2. The senior executive authorized by the Board of Directors of the Company shall pay attention to the monitoring and control of risk for transactions of derivative products at all times. The board of directors shall evaluate whether the performance of transactions of derivative products complies with the fixed operational strategies and whether the risk undertaken is within the Company's scope of tolerance.
3. The senior executive authorized by the board of directors shall manage transactions of derivative products based on the following principles:
 - (1) Regularly evaluate whether the risk management measures currently used are appropriate and ensure to handle under the "Rules Governing the Acquisition and Disposal of Asset" established by the Financial Supervisory Commission and the Procedures.
 - (2) To supervise transaction and profit and loss situations. Take necessary corresponding measures if any anomaly is discovered and report immediately to the board of directors, and the Board of Directors shall have independent directors present and give their opinions.
4. The Company shall establish a record book for transactions of derivative products, detailing the types and amounts of transactions of derivative products, the dates of approval by the board of directors, monthly or weekly regularly evaluation reports and matters subject to regular evaluations by the board of directors and senior executive authorized by the board of directors.

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

Article 18: When processing mergers, settlements, acquisitions, or share transfers, the Company shall appoint an accountant, attorney, or securities underwriter to express an opinion on the reasonableness of the stock conversion ratio, the purchase price, or the allotment of the cash dividend or other properties to shareholders before convening the board meeting and then presented in the board meeting for discussion and approval. If the Company merged with a subsidiary that has 100% stock shares or total capital directly or indirectly held by the Company; or for a merger between subsidiaries with 100% stock share or capital directly or indirectly held by the Company, it is not necessary to obtain the opinion of the aforementioned specialists on the reasonableness of such merger, settlement, acquisition, or share transfer.

Article 19: The Company that conducts a merger, spin-off or acquisition 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 the preceding 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 law 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.

Article 20: Unless specified by other laws or have special factors are notified of the FSC in advance, when the Company participates in any merger, split or acquisition, it shall convene the board meeting and the shareholders meeting on the same day as the other participating companies to resolve on matters of merger, split or acquisition.

Unless specified by other laws or have special factors are notified of the FSC in advance, when the Company participates in transfer of shares, it shall convene the board meeting on the same day.

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 its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five 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, spin-off, 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, spin-off, 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, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two (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, spin-off, 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 and conduct in accordance with the preceding two paragraphs.

Article 21: The proportion of the shares or the purchase price of the company participating in the merger, division, acquisition or share transfer shall not be arbitrarily changed except in the following cases, and shall be changed in the merger, division, acquisition or share transfer contract:

1. Capital increase in cash, issuance of convertible corporate bonds, issuance of shares without consideration, issuance of corporate bonds with warrants attached, special shares with warrants attached, stock warrants and other securities of the nature of equity.
2. Disposal of the Company's major assets or any other action which impacts the financial or business well-being of the Company.
3. Occurrence of major disaster, evolutionary change in technology or any other event which affects shareholders' interest or stock price.
4. Any one party of the companies involved in a merger, split, acquisition or share transfer, making an adjustment through treasury shares buyback in accordance with law.
5. Change of entity, or increase or decrease of the number of entities participating in a merger, split, acquisition or share transfer.
6. Change of any other condition that may be changed under the agreement and for which public disclosure has been made.

Article 22: Where the Company participates in a merger, split, acquisition or transfer of shares, the deal agreement shall specify the rights and obligations of the participating companies merger, split, acquisition or transfer of shares, and shall state the following matters:

1. The handling for breach of contract.
2. The principles for handling securities of equity nature issued or treasury shares repurchased by the distinguished company or the split company before the consummation of a merger or a split.

3. The quantity of and the principles for handling treasury shares which may be repurchased in accordance with law by the participating company after the record date for calculation of share exchange ratio.
4. The manner in which increase or decrease in number of participating entities is to be handled.
5. The estimated progress schedule for executing the project and the estimated completion date.
6. The relevant handling procedures related to the expected date for convening the shareholders meeting in accordance with law, where completion of the project becomes delayed.

Article 23: Other noted matters for the Company's participating in a merger, split, acquisition or share transfer:

1. For all persons participating in or knowing the Company merger, split, acquisition or share transfer to enter into a written non-disclosure undertaking. Before announcement of the information, all persons involved shall neither reveal the project nor engage in buying, selling or merger, split, acquisition or transfer of shares of any share or other securities of equity nature of any company which is related to the transaction either in his own name or in the name of any other person.
2. Subsequent to the announcement of any party that participates in the merger, split, acquisition or share transfer, if a further merger, split, acquisition or share transfer is contemplated with another company, unless the number of participating entities is decreased and the shareholders meeting has resolved and authorized the board of directors to make changes, in addition to the resolution of the shareholder meeting, the participation in the company's merger, division, acquisition or share transfer case, the completion of the procedures or legal acts, should be carried out by all participating companies.
3. Where a company participating in the merger, split, acquisition or share transfer is not a public reporting company, the Company shall enter into an agreement with such company and proceed in accordance with Article 20 hereunder and the two preceding subparagraphs of this article.

Chapter 5 Other Important Matters

Article 24: Where the Company acquires or disposes of assets, relevant contracts, meeting minutes, record books, price appraisal reports and opinions of accountants, attorneys or securities underwriters shall be maintained for at least 5 years at the Company unless otherwise stipulated by law.

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

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

Article 26: When the procedures for the acquisition and disposal of assets of the Company are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and where the director voices objection which is recorded or stated in writing, such director objection information shall be submitted to the audit committee.

If approval of more than half 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 minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 27: The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", and be agreed by

more than one-half of all the members of the Audit Committee, after the procedures have been approved by the Board of Directors, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and such dissent has been recorded in the minutes or substantiated by a written declaration, the Company shall submit the director's dissenting opinion to the audit committee.

If approval of more than half 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 minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.