

**91APP, Inc.**

Enacted by: Accounting Division	<b>Procedures for Acquisition and Disposal of Assets</b>	Date: 2023/06/09
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**Article 1. Purpose:**

These Procedures are established for the purposes of strengthening assets management, securing investment, and making information publicly available.

Acquisition or disposal of assets in the Company shall be subject to these Procedures.

**Article 2. Legal basis:**

This processing procedures are determined in accordance with the “Public Release of Companies or Disposal of Assets Processing Standards” of the Financial Supervisory Commission (hereinafter referred to as the FSC).

**Article 3. Scope of Application:**

These Procedures apply to the following asset categories:

- (1) 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, and investment property) and equipment.
- (3) Memberships.
- (4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- (5) Right-to-use assets.
- (6) Debt entitlements over financial institutions (including receivables, bills purchased and discounted, loans and overdue debts).
- (7) Derivative.
- (8) Assets legally acquired or disposed of through mergers, demergers, business acquisitions or share exchange.
- (9) Other major assets.

**Article 4. Terms used in these Regulations are defined as follows:**

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded

- derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
  3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
  4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
  5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
  6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
  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. Securities Trading on the Taipei Exchange: "Domestic Securities Trading on the Taipei Exchange" 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 5. 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 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 6. The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions and relevant regulations. The procedures shall be approved by the board of directors. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

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

The terms "all audit committee members" in paragraph 2 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 7. Total amounts of real property and right-of-use assets thereof or securities acquired by the company for non-operating use, and limits on securities.

1. The company maintains the total amount of real property and right-of-use assets thereof, or securities acquired by the company for non-operating use, and limits on securities, as the following:
  - (1) The total amount of real property acquired for non-operating purpose may not exceed 10% of the company's total assets.
  - (2) The acquisition of securities for non-operating purpose may not exceed the total amount assets of the companies at the time of purchase.
  - (3) The limit on individual securities invested shall be the shareholder's equity of the companies at the time of purchase.
2. The company's subsidiaries maintain the total amount of real property and right-of-use assets thereof, or securities acquired by the company for non-operating use, and limits on securities, as the following:
  - (1) The total amount of real property acquired for non-operating purpose may not exceed 10% of the company's subsidiaries' total assets.
  - (2) The acquisition of securities for non-operating purpose may not exceed the total amount assets of the company's subsidiaries at the time of purchase.
  - (3) The limit on individual securities invested shall be the shareholder's equity of the company's subsidiaries at the time of purchase.

Article 8. The evaluation of operating procedures concerning the acquisition and disposal of securities.

1. The means of price determination and supporting reference materials.  
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 the appraisal of transaction price.

- (1) Acquisition and disposal of negotiable securities trading at a centralized trading market or the security brokers according to the quoted price or market price at the time of trading.
  - (2) Acquisition and disposal of negotiable securities NOT trading at a centralized trading market or the security brokers according to the net asset value, profitability, and future development, market interest rates, bond coupon rates, debtor' credit and the current transaction price agreement shall be considered of.
2. Consulting with an expert to obtain professional assessment.

The company acquiring or disposing of securities, should one of the following conditions apply, and if the dollar amount of the transaction is 10% of the company's owners' equity or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.

- (1) Acquire or dispose negotiable securities NOT trading at a centralized trading market or the security brokers.
  - (2) Acquire or dispose privately placed securities.
- Where a public 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.
3. Degree of authority and levels

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

- (1) Acquisition or disposal of negotiable securities trading at a centralized trading market or the security brokers, the executing unit shall evaluate and submit it for approval by the Chairman before proceeding.
  - (2) Acquisition or disposal of negotiable securities NOT trading at a centralized trading market, or the security brokers, proceed as follows:
    - 1) For a single transaction amount exceeding NT\$300 million, the executing unit shall report to the Audit Committee for approval and submit it to the Board of Directors for approval before proceeding.
    - 2) For a single transaction amount that does not exceed NT\$300 million, the executing unit shall evaluate and submit it for approval by the Chairman before proceeding.
    - 3) The executing unit may submit a summary report of the total investment amount within a certain period of time. After obtaining approval from both the Audit Committee and the Board of Directors, the Board of Directors will then authorize the Chairman to make decisions in installments.
4. Executive unit

The executive unit of the company's acquisition and disposal of securities investment is the accounting unit.

#### 5. Transaction process

The company's transaction procedures for acquiring or disposing of securities shall be handled in accordance with the company's internal control system, investment cycle related operations.

Article 9. The evaluation of operating procedures of the acquisition or disposal of real property, equipment or right-of-use assets.

#### 1. The means of price determination and supporting reference materials.

To acquire or dispose of real property, equipment or its right-to-use assets, the original user unit or relevant authority shall sign an explanation, and the asset management unit shall refer to the announced present value, assessed value, actual transaction price of neighboring real estate, recent transaction price of similar assets, etc., to choose one from price comparison, price negotiation or bidding.

#### 2. Entrust an expert's professional opinion

In acquiring or disposing of real estate, equipment, or right-of-use asset where the transaction amount reaches 10% of the company owners' equity or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use asset 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 circumstance it is necessary to give a price limit, an exact price, or a special price as a reference basis for the transaction price, and any subsequent changes to terms and conditions of the transaction hereto, the transaction shall be submitted for approval in advance by the board of directors.
- (2) Two or more professional appraisers shall be obtained if the transaction value is NT\$ 1 billion or more.
- (3) If 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 appraise the value of the underlying asset and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - 1) The difference between the appraised value and the transaction value is exceeds 20%.
  - 2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction value.

- (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, than the original professional appraiser may still issue an appraisal opinion report.

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

3. Degree of authority and levels.

Acquisition or disposal of real property, equipment or its right-to-use assets with a transaction amount of less than NT\$50 million (inclusive) shall be submitted to the general manager for approval in accordance with the company's approval authority; the transaction amount shall be more than NT\$50 million. The company's decision-making authority submits a submission for approval, subject to the chairman's ruling.

4. Executive unit.

For the company's acquisition and disposal of real property, equipment, or its right-to-use assets, the executive unit is the responsible department and the relevant authority and responsible unit.

5. Transaction process.

The company's acquisition or disposition of real property, equipment or the transaction process of its right-to-use assets shall be handled in accordance with the company's internal control system for real estate, plant and equipment recycling related operations.

Article 10. Appraisal and operating procedures for transacting with related parties.

1. When the company intends to acquire or dispose of real property or its right-to-use asset from or to a related party, or when it intends to acquire or dispose of assets other than real property or its right-to-use asset from or to a related party and the transaction amount reaches 10% or more of owners' equity, 10% or more of the company's total assets, or in excess of NT\$300 million, except the processing procedures for obtaining real estate in accordance with Article 6, the relevant resolution procedures and the evaluation of the reasonableness of transaction conditions shall also be handled in accordance with the following provisions. In addition to legal formalities, the de facto relationship shall also be considered when judging whether a transaction counterparty is a related party.

The 10% of total assets in this processing procedure is calculated on the total assets in the most recent individual or individual financial report as required by the securities issuer's financial report preparation standards.

2. Evaluation and operating procedures

When the Company intends to acquire or dispose of real estate or right-of-use asset from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use asset from or to a related party and the transaction amount reaches 10% or more of owners' equity, 10% or more of the company's total assets, or in excess of NT\$300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company shall acquire the consent from the half of all Audit Committee Members and may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors for resolutions:

- (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 from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with subparagraph 1 and 4, paragraph 3.
- (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.

### 3. Reasonable evaluation of transaction costs

- (1) The Company acquiring real estate or right-of-use asset 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 used the property as collateral 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 as one of the trading counterparties.

- (2) Where, land and structures thereupon are combined as a single property purchased or leased in a 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.
- (3) The Company acquiring real estate or right-of-use asset from a related party and appraising the cost of the real estate or right-of-use asset in accordance with the preceding subparagraph 1 and 2, paragraph 3 shall also engage a CPA for an appraisal and render a specific opinion.
- (4) Where the Company acquiring real estate or right-of-use asset from a related party and appraising the cost of the real estate or right-of-use asset in accordance with the preceding subparagraph 1 and 2 of paragraph 3 are uniformly lower than the transaction price, it shall comply with the subparagraph 5 of the paragraph 5 of this article; however, shall not apply to the following situations if the Company could provide objective evidence, professional appraisal reports and a CPA's opinion on the reasonableness of the transaction terms:
  - 1) Where the related party acquired undeveloped land or leased land for development, it may submit the proof of compliance with one of the following conditions:
    - a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - b. Completed transactions by unrelated parties for other floors of the same property or in neighboring areas from within the preceding year, where the terms of the transactions are similar after calculation of reasonable price discrepancies among floors or areas in accordance with standard property sales or leasing market practices.
  - 2) The company acquires or leases right-of-use for real estate from a related party, and provide evidence the terms of the transaction are similar to transactions completed for neighboring parcels or land of a similar size by unrelated parties within the preceding year.  
Completed transactions for neighboring 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 right-of-use asset.

(5) Where the Company acquiring real estate or right-of-use asset from a related party and appraising the cost of the real estate or right-of-use asset in accordance with the preceding subparagraph 1, 2, and 4 of paragraph 3 are uniformly lower than the transaction price; it shall not apply to the following matters:

- 1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities Exchange Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another public company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
- 2) If the company has established independent directors and audit committees that meet the requirements of the Securities and Exchange Law of the Republic of China, the audit committee shall refer to the provisions of Article 218 of the Company Law of the Republic of China.
- 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 shall set aside a special reserve under the preceding paragraph and 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 lease 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 Financial Supervisory Commission (FSC) has given its consent.

(6) Where the Company acquires real estate or right-of-use asset from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the paragraph 1, 2, and 4 of this Article in terms of evaluation and operating procedures, and the subparagraph 1, 2, and 3 of paragraph 3 of this article do not apply:

- 1) The related party acquired the real estate or right-of-use asset through inheritance or as a gift.
- 2) More than 5 years have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.

- 3) The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.
- 4) The right-of-use to real property for business use is obtained by the Company from its parent company, subsidiaries, or a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital.
- (7) If the company acquires real property or its right-to-use assets from related parties, if there is other evidence showing that the transaction is not in accordance with business practices, it shall also be handled in accordance with subparagraph 5, paragraph 3 of this article.
4. With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:
  - (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
  - (2) Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created in accordance with the provisions, when a matter is submitted for discussion by the board of directors, 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.

Where the Company or its subsidiary that is not a domestic publicly listed company engages in a transaction under paragraph 1, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in paragraph 2 to the shareholders' meeting for approval before proceeding to enter into a transaction contract or make a payment. However, the transactions between the Company and its parent company or subsidiaries or between its subsidiaries are not subject to this provision.

The transaction amount in paragraph 2 and the preceding paragraph shall be calculated as per paragraph 2, Article 15, and the term "within the preceding year" refers to the year preceding the date of the current transaction. The portions have been approved by the shareholders' meeting, the Audit Committee, and the Board of Directors as per the Procedures need not be counted toward the transaction amount.

Article 11. The evaluation of operating procedures of the acquisition or disposal of the intangible assets, right-of-use assets, or memberships.

1. The means of price determination and supporting reference materials.

When acquiring or disposing of assets or assets or right-of-use assets, the possible future generation and market fair value of the assets shall be considered, and expert opinions shall be consulted when necessary and negotiated with the counterparty.

2. Entrusting an expert for opinions.

Where the Company acquires or disposes of intangible assets, right-of-use asset, or memberships and the transaction amount reaches 10% or more of owners' equity capital or NT\$ 300 million or more, except in transactions with a R.O.C. 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.

3. Degree of authority and levels

Acquisition or disposal of intangible assets, right-of-use assets, or memberships with a transaction amount of less than NT\$50 million (inclusive) shall be submitted to the general manager for approval in accordance with the company's approval authority; where a transaction amount of more than NT\$50 million shall be submitted to chairman for approval in accordance with the company's approval authority.

4. Executive unit.

For the company's acquisition and disposal of intangible assets, right-of-use assets, or memberships, the executive unit is the accounting/financial department, responsible department and the relevant authority and responsible unit.

5. Transaction process.

The company's acquisition or disposition of the transaction process of intangible assets, right-of-use assets, or memberships shall be handled in accordance with the company's internal control system procurement and payment cycle related operations.

Article 12. Procedures for Acquisition or Disposal of Claims of Financial Institutions In principle, the Company and its subsidiaries do not engage in the transaction of acquiring or disposing of the creditor's rights of financial institutions. If they later intend to engage in the transaction of acquiring or disposing of the creditor's rights of financial institutions, they shall be subject to the approval of the Audit Committee and the approval of the Board of Directors before formulating its evaluation and operational procedures.

Article 13. The evaluation of operating procedures of the acquisition or disposal of the derivatives.

1. Trading principles and strategies

(1) Types of Transactions

The company's derivative product transactions are only in foreign currency forward foreign exchange and option products. If you want to engage in other derivative products, you must first pass the resolution with the board of directors before proceeding.

## (2) Management or Hedge Strategies.

- 1) Engaging in derivative commodity transactions is limited to avoiding risks (not for trading purposes).
- 2) The adopted hedging strategy is divided into two types: complete hedging and selective hedging, depending on the nature of the assets or liabilities to be hedged and expectations for the future.
- 3) Regarding the credit market risk of various derivative products, due to the uncertainty of the financial, economic and political environment, it is difficult to make a reasonable and objective assessment, the relevant trading activities should be stopped.

## (3) Division of Responsibility.

The above-mentioned derivative commodity transactions must be evaluated and judged by the company's personnel who have a considerable degree of understanding of each commodity, and in accordance with the actual needs of the company's operations, and the decision is made by the authorized supervisor and the chairman of the board.

- 1) Executive unit of transaction: the accounting unit, which submits a written submission to the authority and responsible supervisor for approval and conducts transactions within the approved conditions.
- 2) Confirmation unit: accounting unit.
- 3) Delivery unit: delivery personnel.
- 4) Auditing unit: understand the appropriateness of internal control such as the division of responsibilities and operating procedures, and audit the compliance of the transaction unit with this processing procedure.
- 5) Approval authority: daily trading and net accumulated position trading authority unlimited amount must be submitted to the chairman of the board for approval.

## (4) Performance Evaluation Guidelines.

Regularly evaluate and review the operating performance by the accounting staff, make an evaluation report in writing, and submit it to the authorized supervisor and chairman of the board.

## (5) Aggregate Amount of Trading Contract.

The total amount of contracts related to foreign exchange hedging operations shall not exceed the net position offset against the balance of the assets and liabilities as in the most recent financial statements audited and certified or reviewed by a CPA. Any excess shall be reported to the board of directors for approval.

## (6) Maximum amount of losses for all and individual contracts.

The upper limit of contract loss shall not exceed 10% of the contract amount, which applies to individual contracts and all contracts.

## 2. Risk management

### (1) Scope of risk management

- 1) Credit risk management - The trading counterparties of the Company shall be limited to the banks with existing business dealings or internationally prestigious financial institutions that can provide adequate professional insight and market information. The financial supervisor shall be responsible for controlling the transaction quota of the financial institution, and adjust the transaction quota of the financial institution at any time in accordance with the changes in market conditions.
- 2) Market risk management - Financial products that are commonly traded in the market shall prevail and the use of specially designed products shall be reduced.
- 3) Liquidity risk management - Banks with large transaction volume and great quotation ability shall be selected.
- 4) Cash flow risk management - in order to ensure the stability of the company's working capital turnover, the company's source of funds for derivative commodity transactions is limited to its own funds, and its operating amount should take into account the cash income and expenditure forecast of the next three months.
- 5) Operational risk management - must strictly comply with the authorization quota, operation procedures and other regulations set by the company to avoid operational risks.
- 6) Commodity risk management - internal trading personnel should have complete and correct professional knowledge of financial products, and require banks to fully expose risks to avoid the risk of misuse of financial products.
- 7) Legal risk management - any documents signed with financial institutions must be reviewed by professionals before they can be formally signed to avoid legal risks.

(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) The positions held by derivative commodity exchanges shall be evaluated regularly, and the method shall be in accordance with the provisions of paragraph 4 (1) of this article.

### 3. Internal audit system.

To allow objective and independent personnel to confirm the content of the company's transactions with financial institutions, and to completely collect and save

external transaction contracts, transaction vouchers, and other related files, and promptly report to the responsible supervisor when the transaction personnel are in danger of exceeding their authority and the board of directors.

(1) The Company's internal auditors shall periodically make a determination of the suitability of internal controls on derivatives of the Company and its subsidiaries, and conduct a monthly audit of how faithfully foreign exchange derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, analyze its transaction circulation, and prepare an audit report. If any material violation is discovered, the independent directors shall be notified in writing. If the company has set up independent directors or audit committees in accordance with the provisions of the Securities and Exchange Law of the Republic of China, the independent directors and the audit committee shall be notified in writing of the matters notified to the independent directors in accordance with the preceding paragraph.

(2) The internal auditors shall report the previous audit report and the implementation of the annual audit plan for internal audit operations to the Financial Supervisory Commission ("FSC") before the end of February of the following year, and correct any abnormal issues by the end of May of the following year. Circumstances must be reported to the Financial Supervisory Commission for future reference.

#### 4. Regular assessment methods and handling of abnormal situations.

##### (1) Transaction executive unit:

The positions held by derivative commodity exchanges should be evaluated at least once a week, but if the business needs to be processed for hedging transactions, it should be evaluated at least twice a month, and the evaluation report should be sent to a high-level executive authorized by the board of directors.

##### (2) Senior executives authorized by the board of directors:

For the supervision and control of derivative commodity transaction risks, the board of directors authorizes senior executives to pay attention to and manage them at any time, and regularly evaluate whether the performance of derivative commodity transactions meets the established business strategy and whether the risks assumed are within the scope of the company's tolerance.

##### (3) Auditing unit:

Regularly assess whether the currently used risk management procedures are appropriate and are indeed handled in accordance with this processing procedure.

(4) Where there exist abnormal issues in the profit and loss analysis report of the derivative financial product position (for example, the holding position has exceeded the loss limit), it shall be reported to the board of directors and necessary corresponding measures shall be taken.

## 5. Supervision and management of the board of directors

(1) When the company is engaged in derivative commodity transactions, the board of directors shall indeed supervise and manage in accordance with the following principles:

- 1) Designated high-level executives should always pay attention to the supervision and control of derivative commodity transaction risks.
- 2) Regularly assess whether the performance of engaging in derivative commodity transactions is in line with the established business strategy and whether the risks assumed are within the scope of the company's tolerance.

(2) The senior executives authorized by the board of directors shall manage the trading of derivatives in accordance with the following principles:

- 1) Regularly evaluate whether the currently used risk management measures are appropriate, and do it in accordance with the Securities and Futures Bureau's "Public Issuing Companies' Assets Acquisition or Disposal Guidelines" and this processing procedure.
- 2) Supervise the transaction and profit and loss situation, and when any abnormal situation is found, it shall take necessary responsive measures and report to the board of directors immediately. The board of directors shall have independent directors present and express their opinions.

(3) If the company engages in derivative commodity transactions and authorizes relevant personnel to handle it in accordance with the provisions of this processing procedure, it shall be reported to the latest board of directors afterwards.

6. When the company engages in derivative commodity transactions, it shall establish a reference book for the types and amounts of derivative commodity transactions, the date of approval by the board of directors, and in accordance with paragraphs 4 Subparagraph (1), paragraphs 5 Subparagraph (1) 2) and Subparagraph (2) item 1) of this article. Items that should be carefully evaluated shall be posted in the reference book for reference in detail.

## Article 14. Procedures for Merger, Demerger, Acquisition or Transfer of Shares.

1. The decision, method and reference basis of the transaction price.

When the company handles mergers, divisions, acquisitions or share transfers, it should comprehensively consider the past and future financial and business conditions of the participating companies, the expected future benefits, the fair way the market determines the transaction price, and refer to accountants, lawyers or securities underwriters professional advice, negotiate a price with the counterparty participating in the merger, division, acquisition or share transfer.

2. Entrust an expert for opinions.



When the company handles mergers, divisions, acquisitions or share transfers, before convening board resolutions, it shall appoint an accountant, lawyer or securities underwriter to express opinions on the rationality of the conversion ratio, purchase price, or allotment of shareholders' cash or other assets, submitted to the board of directors for discussion and approval. However, for mergers between subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, or mergers between subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, the company may be exempted from obtaining reasonable opinions issued by the former experts.

3. Decision level.

When the company handles mergers, divisions, acquisitions, or share transfers, its resolutions are reported to be handled in accordance with the Cayman Islands Company Law and the relevant laws and regulations of the Republic of China on securities transactions.

4. The submission of relevant information and the disclosure of information when it cannot be approved by the shareholders meeting.

(1) When the company handles mergers, divisions or acquisitions, it shall prepare a public document to shareholders prior to the meeting of the shareholders' meeting regarding the important agreed content and related matters of the merger, division or acquisition, and shall comply with the expert opinions in subparagraph 2, Paragraph 1 of this Article. The meeting notice of the shareholders meeting shall be delivered to the shareholders together as a reference for whether to approve the merger, division or acquisition. However, this does not apply to those who are exempted from holding a shareholder meeting to resolve mergers, divisions or acquisitions in accordance with other laws.

(2) Companies participating in mergers, divisions, or acquisitions, shareholders meeting of either party, due to attendance, insufficient voting rights, or other legal restrictions, so that they cannot convene, make resolutions, or the resolutions are vetoed by the shareholders meeting, companies that participate in mergers, divisions, or acquisitions The reasons for the occurrence, subsequent processing operations and the expected date of the shareholders meeting shall be explained to the public immediately.

5. The date of the board of directors and shareholders meeting.

(1) When the company handles mergers, divisions or acquisitions, unless otherwise stipulated by other laws or special factors have been approved by the FSC in advance, the board of directors and shareholders' meetings shall be held on the same day as the companies participating in the merger, division or acquisition. Resolve matters related to mergers, divisions or acquisitions.

- (2) When the company handles the transfer of shares, unless otherwise stipulated by other laws or if there are special factors that have been approved by the FSC in advance, the board of directors shall be held on the same day as the company participating in the transfer.
  - (3) When the company participates in a merger, division, acquisition or share transfer, the following information shall be made into a complete written record and kept for five years for inspection:
    - 1) Basic personnel information: including all persons involved in the merger, division, acquisition or share transfer plan or execution of the plan before the news is released, their job title, name, and ID number (passport number if they are of foreign nationality).
    - 2) Date of important matters: including the date of signing the letter of intent or memorandum, entrusting financial or legal advisers, signing the contract and the board of directors, etc.
    - 3) Important documents and minutes of proceedings: including plans for mergers, divisions, acquisitions or share transfers, letters of intent or memorandums, important contracts and minutes of board meetings, etc.
  - (4) The company participating in mergers, splits, acquisitions, or stock transfer companies whose shares are listed or whose stocks are traded in the business premises of a securities firm shall, within two days from the date of individual approval, submit the preceding subparagraph (3) item 1 and subparagraph 2 information in the prescribed format on the Internet. Online information system complaints to the Financial Supervisory Commission for future reference.
  - (5) If a company participating in a merger, division, acquisition or share transfer has a company that is not listed or whose stock is traded in the securities firm's business premises, the company that is listed or whose stock is traded in the securities firm's business premises shall sign an agreement with it and follow (3) and (4) Regulations.
6. Avoidance of confidentiality obligations and insider trading.  
 All persons who participate in or know about the company merger, division, acquisition or share transfer plan shall issue a written confidentiality commitment. Before the information is disclosed, the content of the plan shall not be disclosed to the outside world, nor shall they buy or sell and merge, or use the name of others. Stocks and other securities of equity nature of all companies related to the case of division, acquisition or share transfer.
  7. The principle of the change of the share conversion ratio or the purchase price.  
 The company participates in mergers, divisions, acquisitions, or share transfers. Except for the following circumstances, the share conversion ratio or purchase price shall not be arbitrarily changed, and shall be subject to changes as stipulated in the merger, division, acquisition or share transfer contract:

- (1) Handling capital increase in cash, issue and convert corporate bonds, gratuitous allotment, issue corporate bonds with warrants, special shares with warrants, warrants and other securities of the nature of equity.
- (2) Acts that affect the company's financial business, such as disposing of the company's major assets.
- (3) The occurrence of major disasters, major technological changes, and other events that affect the rights and interests of the company's shareholders or the prices of securities.
- (4) The adjustment of any party participating in the merger, division, acquisition or share transfer to buy back treasury shares in accordance with the law.
- (5) The number of entities or households participating in a merger, division, acquisition, or share transfer has increased or decreased.
- (6) Other conditions that can be changed in the contract have already been made publicly disclosed.

8. Matters should be stated in the contract.

When the company participates in a merger, division, acquisition or share transfer, the contract shall specify the rights and obligations of the company participating in the merger, division, acquisition or share transfer, and shall specify the following matters:

- (1) Handling of breach of contract.
  - (2) Principles for dealing with stocks that have issued equity securities or bought back treasury stocks for companies that have been eliminated or divided as a result of the merger.
  - (3) Participating companies can buy back the number of treasury shares and the principles for handling them according to the law after the base date for calculating the share conversion ratio.
  - (4) How to deal with the increase or decrease in the number of participating entities or households.
  - (5) Estimated plan implementation progress and estimated completion schedule.
  - (6) When the plan is not completed within the time limit, the relevant processing procedures such as the scheduled date of the shareholder meeting that should be held in accordance with the law.
9. After any party of a company participating in a merger, division, acquisition or share transfer has disclosed information to the public, if it intends to merge, split, acquire or transfer shares with other companies, unless the number of participating companies is reduced and the shareholders' meeting has resolved and if the board of directors is authorized to change the authority, the participating company is exempted from holding a shareholders meeting to re-take a resolution. In the original merger, division, acquisition or share transfer case, the completed procedures or legal actions should be re-conducted by all participating companies.

10. If the company participating in the merger, division, acquisition, or share transfer has a non-public offering company, the company shall sign an agreement with it and proceed in accordance with the provisions of paragraphs 5, 6 and 9 of this Article.

Article 15. Announcement declaration procedure.

1. The company acquires or disposes of assets in the following circumstances, after the company obtains the approval of the public offering declaration in accordance with the Securities and Exchange Law of the Republic of China, it shall, according to the nature, follow the prescribed format, and submit the relevant information to the financial management system within two days from the day when the fact occurs.

The website will be designated to handle the announcement declaration:

- (1) Acquiring or disposing of real estate or its right to use assets from related parties, or acquiring or disposing of real estate or its right to use assets with related parties other than assets, and the transaction amount reaches 10% of the company's owners' equity, 10% of total assets or more than NT\$300 million. However, this is not the case for buying and selling domestic government bonds, bonds with repurchase or sell-back conditions, and subscribing or repurchasing money market funds issued by domestic securities investment trust enterprises.
- (2) Merger, division, acquisition or share transfer.
- (3) The loss from engaging in derivative commodity transactions reaches the maximum amount of all or individual contract losses stipulated in the prescribed processing procedures.
- (4) Acquiring or disposing of equipment or its right to use assets for business use, and its transaction object is not a related party, and the transaction amount meets one of the following provisions:
  - 1) When the paid-in capital is less than NT\$10 billion, the transaction amount will reach NT\$500 million or more.
  - 2) The paid-in capital amounts to NT\$10 billion or more, and the transaction amount is NT\$1 billion or more.

Regarding the transaction amount regulations with a paid-in capital of NT\$10 billion, it is calculated on the basis of NT\$20 billion of equity attributable to the owners of the parent company.
- (5) Acquiring real estate by way of self-delegation, lease construction, joint construction of sub-houses, joint construction of shares, joint construction of sub-sales, and the transaction partner is not a related party, the company expects to invest in the transaction amount of more than NT\$500 million.
- (6) For asset transactions other than in the preceding six subparagraphs, financial institutions dispose of creditor's rights, or engage in investment in mainland China, the transaction amount reaches 10% of the company's owner's equity or NT\$300 million or more. But the following circumstances are not limited to this:

- 1) Buying and selling domestic government bonds or foreign government bonds with a credit rating not lower than our country's sovereign rating.
  - 2) Those who specialize in investment, purchase and sell securities on the stock exchange or the business premises of securities firms, or subscribe foreign government bonds and raise general corporate bonds and general financial bonds that do not involve equity in the primary market (excluding subordinated bonds), Or subscribe for or buy back securities investment trust funds or futures trust funds, or subscribe or sellback of exchange traded notes, or securities firms that are required by underwriting business, act as counsel and recommend securities firms to subscribe for securities under the regulations of the Securities and Exchange Center of the Republic of China.
  - 3) Buy or sell bonds with buy-back and sell-back conditions, purchase or buy back money market funds issued by domestic securities investment trust enterprises.
2. The aforementioned transaction amount is calculated in the following way:
- (1) The amount of each transaction.
  - (2) The accumulated amounts of transactions with the same counterparty obtained or disposed of with the same nature within one year.
  - (3) The amount of accumulated acquisition or disposal (accumulation of acquisition and disposal) within one year of the same development plan real estate or its right to use assets.
  - (4) The amount of cumulative acquisition or disposal (accumulation of acquisition and disposal) of the same securities within one year. The stated period of one year is based on the date when the transaction facts occurred, and it is retrospectively calculated one year before (ex post facto), and the part of the announcement has been exempted from re-entry in accordance with the regulations.
3. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
4. If there are errors or omissions in the announcement of the items that should be announced in accordance with the regulations, the company shall re-announce all the items within two days from the day when it becomes known.
5. When the company obtains or disposes of assets, relevant contracts, proceedings, reference books, valuation reports, accountants, lawyers or securities underwriters' opinions shall be kept in the company for at least five years unless otherwise provided for by other laws.
6. After the company announces and declares the transaction in accordance with the foregoing regulations, if there is one of the following circumstances, the relevant

information shall be declared and declared on the designated website of the FSC within two days from the day when the circumstance occurs:

- (1) The related contract signed by the original transaction is changed, terminated or cancelled.
  - (2) The merger, division, acquisition, or share transfer is not completed in accordance with the contractual schedule.
  - (3) The content of the original announcement has been changed.
7. If a subsidiary of the company is not a domestic public offering company, and its assets obtained or disposed of meet the requirements of this article, the company shall handle the announcement and declaration matters on its behalf. Among them, the requirements of the reporting standards applicable to subsidiaries regarding the amount of paid-in capital or total assets are based on the amount of owners' equity or total assets of the company.

#### Article 16. Control procedures for the acquisition or disposal of assets by subsidiaries.

1. The company shall urge all subsidiaries to formulate and implement the stipulated acquisition or disposal of assets in accordance with the provisions of the "Public Offering Companies Acquisition or Disposal of Assets Processing Guidelines". The handling procedure shall be approved by the board of directors and submitted to the shareholders meeting for approval and sent to the company for reference. The same applies for amendments.
2. If a subsidiary of the company is not a domestic public offering company, and the assets acquired or disposed of by the company meet the requirements for announcement and declaration, it shall notify the company on the day when the incident occurs, and the company shall make an announcement on the website designated by the securities authority in accordance with regulations. declare.
3. The company's internal auditors shall regularly audit the compliance of each subsidiary with its "procedures for acquiring or disposing of assets" and prepare an audit report; the findings and recommendations of the audit report shall be made available to the subsidiaries under review for improvement and make regular follow-up reports to ensure that appropriate improvement measures have been taken in a timely manner.

#### Article 17. Penalties

The relevant personnel of the company handle the acquisition or disposal of assets, and if there is a violation of the "Public Issuance Companies Acquisition or Disposal of Assets Processing Standards" or the provisions of this processing procedure, they shall be submitted for assessment on a regular basis in accordance with the company's personnel management methods and work rules, and in accordance with the circumstance's severe punishment.

Article 18. Supplements to relevant laws and regulations.

Matters not covered in this procedure are handled in accordance with relevant laws and regulations. If the company's stock has no par value or the par value is not NT\$10 per share, the transaction amount of 20% of the paid-in capital in this processing procedure is calculated based on the 10% equity attributable to the owner of the parent company.

Article 19. Implementation.

After this procedure is approved by the board of directors, it is submitted to the shareholders meeting for approval, and it is the same for amendments.

When the company submits the procedures for obtaining or disposing of assets to the board of directors for discussion in accordance with the preceding paragraph, the opinions of independent directors shall be fully considered. If independent directors have objections or reservations, they shall be stated in the minutes of the board of directors.

If the company has set up an audit committee, the formulation or amendment of this processing procedure shall be approved by more than one-half of all the members of the audit committee, and a resolution of the board of directors shall be submitted, and the provisions of paragraph 3 and 4 of Article 6 shall apply mutatis mutandis.