

# Skytech Inc.

## Regulations Governing the Acquisition and Disposal of Assets

The establishment was approved by the shareholders' meeting on July 22, 2022  
The latest amendment was approved by the shareholders' meeting on June 29, 2023

### Article 1 Legal basis

The Company shall handle the acquisition or disposal of assets in compliance with the Procedures. For anything not mentioned in the Procedures, the relate laws and regulations shall be complied with.

### Article 2 Scope of assets

- (1) Negotiable securities: 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 equipment.
- (3) Memberships.
- (4) Intangible assets: patents, copyrights, trademarks, franchise rights, and other intangible assets.
- (5) Right-of-use assets.
- (6) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- (7) Derivatives.
- (8) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- (9) Other major assets.

Article 3 The definitions of all terms used in the Procedures comply with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of the competent authority.

Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- (1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the 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 substantive 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 substantive 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 provisions:

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

Article 5 Handling procedures for acquiring or disposing of real property, equipment, or right-of-use assets thereof

- (1) Procedures of evaluation and operation

The acquisitions and disposals of real property, equipment, or right-of-use assets thereof shall comply with the fixed asset circulation of the Company's internal control system.

- (2) Procedures to determine the transaction terms and authorized limits.

- a. In acquiring or disposing of real property and right-of-use assets thereof, the announced current value, assessed value, actual transaction prices of properties in the neighborhood shall be referred to, and the heads of relevant units shall handled such by hierarchy based on the Company's approval authorities. Where the amount is under NT\$100 million, the approval of the chairperson is required; for more than NT\$100

million, the resolution of the Board is required before implementation.

- b. In acquiring or disposing of equipment and right-of-use assets thereof, one among price inquiry, price comparison, price negotiation, or tendering shall be opted, and the heads of relevant units shall handled such by hierarchy based on the Company's approval authorities. Where the amount is under NT\$100 million, the approval of the chairperson is required; for more than NT\$100 million, the resolution of the Board is required before implementation.
- c. Where the preceding subparagraph 2 is the circumstances specified in Article 185 of the Company Act, the prior approval of the shareholders' meeting is required.

(3) Execution unit

In acquiring or disposing of real property, equipment, or right-of-use assets thereof, after being approved pursuant to the approval procedures specified in the preceding paragraph, shall be implemented by the user unit and relate unit responsible for management.

(4) Appraisal reports of real properties and equipment

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- a. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- b. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- c. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged in accordance with the provisions of Statement of Auditing Standards published by the ROC Accounting Research and Development Foundation (ARDF) to

render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- (a) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (b) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- d. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

#### Article 6 Procedures for acquiring and disposing of negotiable securities

##### (1) Procedures of evaluation and operation

In acquiring and disposing of negotiable securities, the method to determine prices, references, and trading process shall comply with the Company's related approval authorities and operating regulations. 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 CPA, for reference in appraising 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 FSC.

##### (2) Procedures to determine the transaction terms and authorized limits.

- a. The negotiable securities traded in centralized exchange market or OTC shall be determined by the related responsible units after researching the market conditions.
  - (a) Where the amount of the single transaction is under NT\$100 million, the Company's approval authorities and operating regulations shall be complied with.
  - (b) Where the amount of the single transaction is over NT\$100 million, the approval resolved by the Board is required before implementation.
- b. For the negotiable securities not traded in centralized exchange market or OTC, the NAV per share, profitability, and potential of future development shall be considered:
  - (a) Where the amount of the single transaction is under NT\$100 million, the Company's approval authorities and operating regulations shall be complied with.
  - (b) Where the amount of the single transaction is over NT\$100 million, the approval resolved by the Board is required before implementation.

##### (3) Execution unit

For matters related to acquiring and disposing of negotiable securities by the Company or its subsidiary, within the aforesaid limits, the officer of the President's Office is responsible to convene the finance unit to implement such with the related staff.

(4) Expert's opinions

- a. In acquiring or disposing of securities, if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a 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 Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.
- b. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 7 Handling procedures for acquiring or disposing of intangible assets or right-of-use assets thereof, or memberships

(1) Procedures of evaluation and operation

As a principle, the Company is not engaged in acquiring or disposing of memberships; where acquiring or disposing of memberships is intended in the future, the approval of the Board will be obtained before establishing the evaluation and operational procedures. Acquisitions and disposals of intangible assets and right-of-use assets thereof shall comply with the Company's related approval authorities and operating regulations.

(2) Procedures to determine the transaction terms and authorized limits.

- a. Acquisitions of intangible assets and right-of-use assets: for acquiring or disposing of intangible assets or right-of-use assets thereof, the operational process of procurement shall be followed; where the amount is under NT\$100 million, the approval of the chairperson is required; for more than NT\$100 million, the resolution of the Board is required.
- b. Procedures for disposing of intangible assets and right-of-use assets: when disposing of or selling the Company's intangible assets and right-of-use assets, the original user unit shall present the reason, and the unit in charge of properties conducts price inquiry, price comparison, or price negotiation. Where the book value or appraised value under NT\$100 million, the approval of the chairperson is required; for more than NT\$100

million, the resolution of the Board is required.

- c. Where the two preceding subparagraphs are the circumstances specified in Article 185 of the Company Act, the prior approval of the shareholders' meeting is required.

(3) Execution unit

When acquiring or disposing of intangible assets or right-of-use assets thereof, after approved by the approval authorities specified in the preceding subparagraph, the officer of the President's Office is responsible to convene the related staff for implementation.

(4) Report of expert's assessment and opinion for intangible assets or right-of-use assets thereof

Where the Company acquires or disposes of memberships, intangible assets, or the right-of-use assets thereof, and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards published by the ARDF.

Article 8 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 20, paragraph 1, subparagraph (7) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 9 Transactions with related parties

- (1) When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amounts shall be done in accordance with Article 20, paragraph 1, subparagraph (7) herein.

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

- (2) Procedures of evaluation and operation

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real

property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the Audit Committee:

- a. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- b. The reason for choosing the related party as a transaction counterparty.
- c. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 and Article 14.
- d. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- e. 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.
- f. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- g. Restrictive covenants and other important stipulations associated with the transaction.

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 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to Articles 5 to 7 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:

- a. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- b. 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 of the Act, when a matter is submitted for discussion by the board of directors pursuant to 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.

If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries, or between its subsidiaries.

The calculation of the transaction amounts referred to of paragraph 2 and the preceding paragraph shall be done in accordance with Article 20, paragraph 1, subparagraph (7) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the Audit Committee need not be counted toward the transaction amount.

(3) Evaluating the reasonableness of the transaction costs

- a. Where the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:
  - (a) 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.
  - (b) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- b. 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.
- c. Where the Company acquires real property or right-of-use assets thereof from a related party, it shall appraise the cost of the real property or right-of-use assets thereof in accordance with paragraph 3, subparagraphs (1) and (2) of the Article, and it shall also engage a CPA to check the appraisal and render a specific opinion.



- d. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:
  - (a) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  - (b) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  - (c) 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.
  - (d) 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.
- e. When the results of the Company's appraisal conducted in accordance with paragraph 3, subparagraphs (1) and (2) of the Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 3, subparagraph (5) of the Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
  - (a) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
    - i. 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.
    - ii. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in

accordance with standard property market sale or leasing practices.

- (b) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
  - (c) The aforesaid completed transactions involving neighboring or closely valued parcels of land in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- f. When the results of a Company's appraisal conducted in accordance with paragraph 3, subparagraphs (1), (2), and (4) of the Article are uniformly lower than the transaction price, the following matters shall be handled. Where the special reserve is provided by the Company or the public companies in which the Company invests in by using the equity method, the special reserves may only be utilized 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.
- (a) 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 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 the Company's equity stake in the other public company.
  - (b) Article 218 of the Company Act is applied mutatis mutandis to the independent director members of the Audit Committee pursuant to Article 10-4, paragraph 3 of the Securities and Exchange Act.

- (c) The handling status of paragraph 3, subparagraph (5) of the Article shall be reported to the shareholders' meeting, and the details of transactions shall be disclosed in the annual reports and prospectus.
- g. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

#### Article 10 Procedures for acquiring or disposing of claims of financial institutions

As a principle, the Company is not engaged in acquiring or disposing of claims of financial institutions; where acquiring or disposing of claims of financial institutions is intended in the future, the approval of the Board will be obtained before establishing the evaluation and operational procedures.

#### Article 11 Procedures for acquiring or disposing of derivatives

##### (1) Trading principles and guidelines

##### a. Transaction types

The derivatives engaged in by the Company refers to the 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

##### b. Hedging strategy for operations

The Company's profit shall come from normal operations, and hence trading of derivatives shall mainly aim to hedging risks. The principle is to seek proper balance among the Company's composite position.

##### c. Responsibility division

##### (a) Finance unit:

- i. Responsible in formulating the Company's management strategies of financial risks.
- ii. To cope with the evolutions in the financial market, the finance unit shall always collect related information, determine the trends and assess risks, get familiar with financial products and legal regulations, while considering the overall positions of the Company, to prepare the programs of operating strategies, as the basis of risk avoidance.
- iii. Based on the Company's operations, deposits, borrowings, among other finance related risk positions, the hedging principles shall be established for

- the items with possible material financial risks, to reduce the exposures to such risks.
- iv. Hedging tradings are made based on the authorization, and reported to the Board afterwards.
  - v. A log book is established, to record the types, amounts, and assessment of monthly performance for the derivatives engaged.
- (b) Accounting unit: treating the required accounts and disclose the financial reports based on the approval authorities.
  - (c) Audit unit: conducting audits based on the internal audit system and related laws and regulations.
- d. Performance assessment
- (a) Hedging tradings
    - i. The basis of performance assessment is the profit/loss generated from the book value of costs and the derivatives engaged.
    - ii. To fully catch and express the valuation risk of tradings, the Company assess profit/loss with monthly valuation.
  - (b) Non-hedging trading
 

The assessments are made based on the profit/loss actually generated, and the statements of positions are prepared regularly to be provided to the management for reference.
- e. Total amount of contracts
- (a) Hedging tradings:
    - i. Exchange rate hedging
 

The total amount of the Company's overall hedging tradings shall not exceed the net position after offsetting the assets and liabilities of related foreign currencies generated from the expected future operations of the Company.

Net position: before adding the contract of hedging tradings, the balance by offsetting the asset and liability positions based on the Company's financial statements.
    - ii. Hedging other than exchange rate
 

As a principle, these shall not exceeding the positions exposed to the risks by the Company.
  - (b) Non-hedging trading: based on the forecast to the changes in market conditions, the finance unit may formulate the trading plans based on needs, to submit such to the chairperson for approval before implementations. The amount of trading shall not exceed 20 percent of the Company's net worth; any excess shall be approved

by the Company.

f. Maximum loss

Where the derivative tradings reach the maximum loss, the related management shall be convened to discuss the responses.

(a) Hedging tradings: the maximum loss is the lower of 30 percent of the contract amount for individual contract.

(b) Non-hedging trading: 10 percent of the individual contract amount for all or individual contracts.

(2) Risk management

a. Credit risk

As the market tends to expose the derivatives to risk due to changes of various factors, the risk of market is managed with the following principles.

(a) The Company places order mainly with the prominent domestic and international banks.

(b) The products traded are limited to these products provided by the prominent domestic and international banks.

b. Market risk

The market is mainly the public foreign exchange market between banks and customers.

c. Liquidity risk

To ensure the liquidity of trading, the selections of derivatives are mainly these with higher liquidity (i.e. may be squared any time in the market). The trading bank shall have sufficient information and the capability to trade in any market at any time.

d. Risk of cash flow

To ensure the stability of the Company's working capital, the Company only trade derivatives with its own capitals, and for the operation amounts it shall consider the future related periods and the comprehensive cash payment and receipts.

e. Operational risk

(a) The authorized limits, operational process, and inclusion of internal audits shall be fully complied with, to avoid operational risks.

(b) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

(c) 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.

- f. Legal risk
  - Any document to be signed with any financial institution must be examined by the professionals of finance or legal affairs, or legal counsel first, to avoid legal risks.
- (3) Internal audit
  - a. The purpose of internal audits for the derivatives is to assist the head of each unit to understand the compliance with the laws and the Company's internal regulations when their subordinate staff conducting business and to verify such compliance, while providing improvement recommendations on time, to improve the management performance.
  - b. The auditing unit shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee and each individual director shall be notified in writing.
- (4) Method of regular assessment
  - a. The Board shall authorize executives to supervise and assess whether the derivatives engaged are actually conducted based on the Company's trading procedures in place, and whether the risks borne are within the tolerance. Where any irregularity occurs in the market price assessment report (e.g. the position held exceeds the maximum loss), the Board shall be reported to immediately, and the responsive measures shall be taken.
  - b. The positions of derivatives held shall be assessed at least weekly. Provided that the hedging tradings engaged for the business needs shall be assessed twice every monthly at least, and the assessment reports shall be sent to the executives authorized by the Board.
- (5) Principles of supervising by the Board
  - a. The Board shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk, and the principles are as below:
    - (a) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the Company.
    - (b) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
  - b. Periodically evaluate whether derivatives trading performance is consistent with

- established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
- c. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.
- (6) The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under paragraph 4 and paragraph 5, subparagraphs (1) and (2) of this Article shall be recorded in detail in the log book.
- (7) Operating procedures
- a. Authorized limits and hierarchy
    - (a) Limits of hedging tradings: the Company's related approval authorities and operating regulations shall be complied with.
    - (b) Non-hedging trading: any of non-hedging trading may only be done upon the approval of chairperson's approval.
  - b. Execution unit

As the derivatives evolve all the time, the potential trading risk and calculations of profit/loss change rapidly and complicatedly, while involving the information of accounts received and paid, the implementation is rendered by the finance staff; this is not applied to the non-finance staff authorized by the Board to engage in the derivative tradings.

Article 12 Where the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the 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 Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 13 When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from

convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 14 A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

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

When participating in a merger, demerger, acquisition, or transfer of another company's shares, 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 5 years for reference:

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

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format) the information set out in subparagraphs 1 and 2 of the preceding paragraph via the internet information reporting system to the competent authority for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of



another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 15 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 16 When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- (2) An action, such as a disposal of major assets, that affects the company's financial operations.
- (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 17 The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- (1) Handling of breach of contract.
- (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

- (4) The manner of handling changes in the number of participating entities or companies.
- (5) Preliminary progress schedule for plan execution, and anticipated completion date.
- (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 18 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 19 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 14, Article 15, and the preceding article.

Article 20 Public Disclosure of Information

- (1) Items to be announced and reported, and the standards thereof

When acquiring or disposing of assets by the Company, the items to be announced and reported, standard of report, deadline of report, and reporting procedures shall comply with the regulations of the competent authority. 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 as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- a. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- b. Merger, demerger, acquisition, or transfer of shares.
- c. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

- d. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount is NT\$500 million or more.
  - e. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
  - f. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, these are not applicable to the follows:
    - (a) Trading of domestic government bonds
    - (b) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - g. The amount of aforesaid transactions in subparagraph (6) shall be calculated as follows:
    - (a) The amount of any individual transaction.
    - (b) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
    - (c) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
    - (d) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- (2) Deadlines for announcement and report
- The Company's acquisitions and disposals of assets shall be announced and reported within 2 days counting inclusively from the date of occurrence of the event if including the items to be announced and reported and meeting the reporting standards.
- "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
- (3) Procedures of announcement and report

- a. 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 securities competent authority by the 10th day of each month.
- b. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- c. When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
- d. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
  - (a) Change, termination, or rescission of a contract signed in regard to the original transaction.
  - (b) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - (c) Change to the originally publicly announced and reported information.

Article 21 The Company's subsidiaries shall comply with the follows:

- (1) Where the subsidiaries acquire or dispose of assets, the Company's operational procedures, or their own regulations governing the acquisition and disposal of assets shall be complied with.
- (2) To established their own regulations governing the acquisition and disposal of assets, subsidiaries shall comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, and report such to the shareholders' meetings of such subsidiaries upon approvals of their boards of directors. The same applies to amendments.
- (3) Information required to be publicly announced and reported in accordance with Article 20 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.

- (4) The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and report under Article 20.
- (5) In the case of a company whose shares have no par value or a par value other than NT\$10- for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

#### Article 22 Penalties

Where the managerial officers and clerks in charge neglect or violate the Procedures and result in material damage to the Company, their direct supervisors and the highest decision-making officer of finance shall be reported to immediately, and such shall be handled with the Company's regulations related to human resources and administration. Where such violations are proved intentional and resulting in damages to the Company, other than being handled with the Company's regulations related to human resources and administration, the actors will be requested to compensate the loss sustained by the Company. The process of handling will be reported to the next board meeting.

#### Article 23 Implementation and amendment

When establishing the "Regulations Governing the Acquisition and Disposal of Assets," the approval of one-half or more of all audit committee members shall be obtained, submitted to the board of directors for a resolution, and submitted to the shareholders' meeting for the approval. The same applies to amendments. If the approval of one-half or more of all audit committee members is not obtained, the Operational 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 meeting. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee.

When the "Regulations Governing the Acquisition and Disposal of Assets" is submitted for discussion by the board of directors pursuant to 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.

#### Article 24 By-laws

For anything not mentioned in the Procedures, the relate laws shall be complied with.

The Procedures were established on July 22, 2022.

The 1st amendment was made on March 3, 2023.

The 2nd amendment was made on June 29, 2023.