

Formosa Saint Jose Corp. Procedures for the Acquisition or Disposal of Assets

Chapter 1: General Provisions

Article 1

1. To establish clear operational guidelines for the Company' s acquisition or disposal of assets, these Procedures are hereby formulated.
2. These Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act.

Article 2

The acquisition or disposal of assets by the Company shall be conducted in accordance with these Procedures. However, if other financial-related laws and regulations apply, those provisions shall prevail.

Article 3

The scope of assets referred to in these Procedures is as follows:

1. Investments such as stocks, government bonds, corporate bonds, financial bonds, securities of recognition funds, depositary receipts, subscription (or call/put) warrants, beneficiary certificates, and asset-backed securities.
2. Real estate (including land, buildings, investment properties, and inventories for the construction industry) and equipment.
3. Membership certificates.
4. Intangible assets such as patents, copyrights, trademarks, and licenses.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, foreign exchange purchase discounts, loans, and collection of receivables).
7. Derivative products.

8. Assets acquired or disposed of through legal mergers, demergers, acquisitions, or share transfers.
9. Other significant assets.

Article 4

Definitions of terms used in this Procedure are as follows:

1. Derivatives: Refers to forward contracts, options, futures, leveraged margin contracts, swap contracts, combinations of the above contracts, or structured products or combination contracts embedding derivatives, whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, or long-term purchase/sale contracts.
2. Assets acquired or disposed of through legal merger, division, acquisition, or share transfer: Refers to assets acquired or disposed of pursuant to the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act, or other laws, or assets acquired through share transfers as per Article 156-3 of the Company Act (hereinafter referred to as “share transfer”).
3. Related parties and subsidiaries: Identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraisers: Refers to real estate appraisers or other individuals legally authorized to conduct real estate or equipment appraisal services.
5. Occurrence date: Refers to the earliest of the transaction signing date, payment date, commission execution date, transfer date, board resolution date, or any other date sufficient to determine the transaction counterparty and transaction amount. For investments requiring regulatory approval, the earlier of the above dates or the date of regulatory approval shall apply.
6. Investments in Mainland China: Refers to investments or technical cooperation in Mainland China conducted in accordance with the regulations of the Investment Commission under the Ministry of Economic Affairs.

7. Professional investors: Refers to legally established entities regulated by local financial authorities, including financial holding companies, banks, insurance companies, bill finance companies, trust companies, securities firms conducting proprietary or underwriting operations, futures firms conducting proprietary operations, securities investment trust enterprises, securities investment advisory enterprises, and fund management companies.
8. Securities exchange: Domestic securities exchange refers to Taiwan Stock Exchange Corporation; foreign securities exchange refers to any organized securities trading market regulated by the securities authority of the respective country.
9. Securities firm trading venues: Domestic trading venues refer to counters established by securities firms for trading securities in accordance with the Regulations Governing Securities Firms' Counter Trading of Securities; foreign trading venues refer to financial institution business locations regulated by foreign securities authorities and authorized to conduct securities business.

Article 5

1. Professional appraisal reports or opinions: For appraisal reports or opinion letters obtained by the Company from professional appraisers, certified public accountants, lawyers, or securities underwriters, the appraisers and their personnel, accountants, lawyers, or underwriters must meet the following requirements:
 - (1) They must not have been sentenced to imprisonment of more than one year for violations of the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, Business Accounting Act, or for fraud, breach of trust, embezzlement, document forgery, or other professional-related criminal acts. However, this does not apply if execution is completed, probation is served, or more than three years have passed since a pardon.
 - (2) They must not be related parties or have substantial relationships with the transaction counterparties.
 - (3) If the Company is required to obtain appraisal reports from two or more professional appraisers, the different appraisers or appraisal personnel must not be related parties or have substantial relationships with each other.

2. Responsibilities in preparing reports or opinions: The above personnel, when issuing appraisal reports or opinion letters, shall comply with the self-regulatory rules of their respective professional associations and the following requirements:
 - (1) Pre-engagement evaluation: Before accepting a case, they must prudently assess their professional competence, practical experience, and independence.
 - (2) Execution of the assignment: During the assignment, they must properly plan and execute appropriate procedures to form a conclusion, which serves as the basis for issuing the report or opinion letter; all procedures performed, data collected, and conclusions reached must be fully documented in the working papers of the case.
 - (3) Data and information assessment: All data sources, parameters, and information used must be individually evaluated for appropriateness and reasonableness as the basis for issuing the appraisal report or opinion letter.
 - (4) Statements: The report or opinion letter should include statements affirming that the personnel possess professional expertise and independence, have assessed the appropriateness and reasonableness of the information used, and have complied with relevant laws and regulations.

Chapter 2: Handling Procedures

Section 1 – Establishment of Handling Procedure

Article 6

1. When the Company submits the asset acquisition or disposal handling procedures to the Board of Directors for discussion in accordance with this procedure, the opinions of each independent director shall be fully considered. If any independent director has objections or reservations, such opinions shall be recorded in the minutes of the Board meeting.
2. If the Company has established an Audit Committee in accordance with relevant laws and regulations, the adoption or amendment of the asset acquisition or disposal handling procedures shall require the consent of more than half of all Audit Committee members and be submitted to the Board of Directors for

resolution.

3. If the preceding paragraph does not obtain the consent of more than half of all Audit Committee members, it may be implemented with the approval of at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the Board meeting minutes.
4. For the purposes of the preceding paragraphs, "all members of the Audit Committee" and "all directors" shall be calculated based on the actual incumbents.

Article 7

1. The Company's related-party transactions, derivative transactions, and activities involving mergers, demergers, acquisitions, or share transfers, in addition to being handled in accordance with the provisions of the preceding article, shall also follow the procedures set forth in Sections 3 to 5 of this chapter.
2. The Company shall supervise its subsidiaries to establish and implement asset acquisition or disposal handling procedures in accordance with this procedure.

Article 8

1. When the Company submits transactions for the acquisition or disposal of assets to the Board of Directors for discussion, in accordance with the prescribed handling procedures or other legal regulations, the opinions of independent directors shall be fully considered. Any dissenting or reserved opinions of independent directors shall be recorded in the minutes of the Board meeting.
2. For significant asset or derivative transactions, if the Company has established an Audit Committee in accordance with relevant laws and regulations, approval by more than half of all members of the Audit Committee is required before submission to the Board of Directors for resolution. The provisions of Paragraphs 4 and 5 of Article 6 shall apply mutatis mutandis.

Section 2: Acquisition or Disposal of Assets

Article 9

Procedures for the Acquisition or Disposal of Real Estate, Equipment, or

Right-of-Use Assets

1. Evaluation and Operational Procedures

The Company shall handle the acquisition or disposal of real estate, equipment, or right-of-use assets in accordance with its internal control system for real estate, plant, and equipment cycles.

2. Decision Procedures for Transaction Terms and Authorization Limits

(1) For acquiring or disposing of real estate or right-of-use assets, the transaction terms and price shall be determined by referencing announced market values, assessed values, and actual transaction prices of nearby properties. An analysis report shall be submitted to the Chairman. If the transaction amount reaches 20% of the paid-in capital or NT\$300 million, it must first be approved by the Board of Directors before execution.

(2) For acquiring or disposing of equipment or right-of-use assets, one of the following methods shall be used: inquiry, price comparison, negotiation, or tendering. Approval shall follow the authorization table. If the transaction amount reaches 20% of the paid-in capital or NT\$300 million, it must first be submitted to the Chairman and approved by the Board before execution.

3. Executing Units

Upon approval per the preceding item, the responsible department and accountable unit shall execute the acquisition or disposal of real estate, equipment, or right-of-use assets.

4. Appraisal Report for Real Estate, Equipment, or Right-of-Use Assets

Except for transactions with domestic government agencies, self-construction or delegated construction on leased land, or acquisition/disposal of equipment or right-of-use assets for operational use, if the transaction amount reaches 20% of the paid-in capital or NT\$300 million, an appraisal report from a professional appraiser shall be obtained prior to the transaction date, meeting the following requirements:

(1) If the transaction price is based on a limited, specific, or special price, the transaction must first be approved by the Board; any subsequent change in transaction terms also requires Board approval.

- (2) If the transaction amount exceeds NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.
- (3) If any of the following discrepancies occur in the appraiser' s report, except when acquiring assets with appraised values higher than the transaction amount or disposing assets with appraised values lower than the transaction amount, a CPA should provide specific opinions on the reason for the difference and the appropriateness of the transaction price:
 - (3.1) The difference between the appraisal result and the transaction price is 20% or more of the transaction price.
 - (3.2) The difference between appraisals from two or more professional appraisers is 10% or more of the transaction price.
- (4) The appraisal report date and contract date shall not exceed three months. If the same announcement value applies and is within six months, the original appraiser may issue a supplemental opinion.
- (5) For the construction industry, if a limited, specific, or special price is used and a timely appraisal report cannot be obtained for justified reasons, the report must be obtained within two weeks from the occurrence of the transaction, and the CPA opinion per item (3) must be obtained within two weeks from the appraisal report date.

Article 10

Procedures for the Acquisition or Disposal of Securities

1. Evaluation and Operational Procedures

The Company shall handle the acquisition or disposal of securities in accordance with its internal control system for the investment cycle.

2. Procedures for Determining Transaction Conditions and Authorization Limits

(1) Trading on a centralized market or securities broker' s premises:

The responsible unit shall determine the transaction conditions based on market trends. For bond-type funds or other principal-protected securities:

- Single transactions of NT\$300 million or less: approval by the responsible

manager.

- Transactions exceeding NT\$300 million: approval by the Chairman of the Board before execution.

For other securities:

- Transactions of NT\$100 million or more: approval by the Chairman of the Board.
- Transactions exceeding NT\$300 million: must be approved by the Board of Directors before execution.

(2) Trading not on a centralized market or securities broker's premises:

Prior to the transaction, obtain the most recent audited or reviewed financial statements of the target company as a reference for evaluating the transaction price. Consider factors such as net asset value per share, profitability, and future growth potential.

- Transactions of NT\$100 million or more: approval by the Chairman of the Board.
- Transactions exceeding NT\$300 million: approval by the Audit Committee and then by the Board of Directors.

Additionally, for transactions reaching 20% of the company's paid-in capital or NT\$300 million or more, an accountant must be consulted to provide an opinion on the reasonableness of the transaction price prior to execution. However, this does not apply if the securities have a liquid market with publicly quoted prices or if the Financial Supervisory Commission stipulates otherwise.

3. Execution Unit

When the Company invests in securities, after obtaining approval according to the authorization limits specified in the preceding section, the Finance Department shall be responsible for executing the transaction.

Article 11

Procedures for the Acquisition or Disposal of Membership Certificates, Intangible Assets, or Right-of-Use Assets

The Company's acquisition or disposal of intangible assets, right-of-use assets, or membership certificates shall be conducted in accordance with the Company's internal control procedures for real estate, plant, and equipment cycles. If the

transaction amount reaches 20% of the Company' s paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, the Company shall obtain the opinion of a certified public accountant on the reasonableness of the transaction price prior to the occurrence of the transaction. In addition, the procedures for determining transaction conditions and authorization limits shall follow the provisions of Article 9, Section 2.

Article 12

The calculation of transaction amounts in the preceding three articles shall be conducted in accordance with Article 28, Paragraph 2.

The term "within one year" is based on the date the current transaction occurs, and counts backward one year. Valuations or CPA opinions already obtained under this procedure are exempt from being counted again.

Article 13

If the Company acquires or disposes of assets through court auction procedures, the certification documents issued by the court may be used in place of a professional valuation report or CPA opinion.

Section 3: Related Party Transactions

Article 14

1. When the Company acquires or disposes of assets with a related party, in addition to complying with the relevant resolution procedures and assessing the reasonableness of the transaction terms in accordance with the preceding Section and this Section, if the transaction amount reaches ten percent (10%) or more of the Company' s total assets, the Company shall also obtain a valuation report issued by a professional appraiser or an opinion issued by a certified public accountant in accordance with the preceding Section.
2. The calculation of the transaction amount under the preceding paragraph shall be handled in accordance with Article 12.
3. In determining whether the counterparty to a transaction is a related party, in addition to considering its legal form, the Company shall also take into account the substance of the relationship.

Article 15

1. When the Company acquires or disposes of real property or its right-of-use assets from or to a related party, or acquires or disposes of assets other than real property or its right-of-use assets from or to a related party with a transaction amount reaching twenty percent (20%) of the Company' s paid-in capital, ten percent (10%) of total assets, or NT\$300 million or more, the Company—except for the purchase and sale of domestic government bonds, repurchase or reverse-repurchase bonds, or subscription/redemption of money market funds issued by domestic securities investment trust enterprises—shall submit the following information to the Board of Directors for approval before signing any transaction contract or making any payment:
 - (1) The purpose, necessity, and expected benefits of acquiring or disposing of the assets.
 - (2) The reasons for selecting the related party as the transaction counterparty.
 - (3) Relevant information used to assess the reasonableness of the proposed transaction terms for acquiring real property or its right-of-use assets from a related party, in accordance with Articles 16 and 17.
 - (4) The related party' s original acquisition date and price, the transaction counterparty, and its relationship with both the Company and the related party.
 - (5) A projected monthly cash-flow statement for the coming year starting from the anticipated contract-signing month, along with an evaluation of the necessity of the transaction and the reasonableness of fund utilization.
 - (6) The valuation report issued by a professional appraiser or the CPA' s opinion obtained pursuant to the preceding Article.
 - (7) Restrictions and other material terms of the transaction.
2. For transactions conducted between the Company and its parent company or subsidiaries, or between subsidiaries in which the parent company directly or indirectly holds 100% of the outstanding shares or total capital, the Board of Directors may, in accordance with this operating procedure, authorize the Chairperson to first approve such transactions within a specified amount, and

subsequently submit them to the next Board meeting for ratification:

- (1) Acquisition or disposal of equipment or its right-of-use assets for business operations.
 - (2) Acquisition or disposal of real estate right-of-use assets for business operations.
3. Since the Company has appointed independent directors, when matters are submitted to the Board of Directors for discussion pursuant to the preceding paragraph 1, the opinions of all independent directors shall be fully considered. Any dissenting or qualified opinions expressed by the independent directors shall be specified in the minutes of the Board meeting.
 4. Where the Company has established an Audit Committee in accordance with applicable laws and regulations, any matter falling under Paragraph 1 shall first be approved by more than one-half of all members of the Audit Committee and then submitted to the Board of Directors for resolution. The provisions of Article 6, Paragraphs 4 and 5 shall apply mutatis mutandis.
 5. Where the Company, or a subsidiary of the Company that is not a domestic public company, conducts a transaction as described in Paragraph 1 and the transaction amount reaches ten percent or more of the Company's total assets, the Company shall submit all items listed in Paragraph 1 to the shareholders' meeting for approval before entering into the transaction contract and making any payment. However, this requirement does not apply to transactions between the Company and its parent company or subsidiaries, nor to transactions between the Company's subsidiaries.
 6. The calculation of the transaction amounts under Paragraph 1 and the preceding paragraph shall be conducted in accordance with Paragraph 2 of Article 28. The term "within one year" shall be based on the date on which the current transaction occurs and retroactively calculated for one year. Portions of transactions that, pursuant to this Procedure, have already obtained the approval of more than one-half of all Audit Committee members, been resolved by the Board of Directors, and approved by the shareholders' meeting, may be excluded from the calculation.

1. When the Company acquires real property or its right-of-use assets from a related party, the reasonableness of the transaction cost shall be assessed using the following methods:
 - (1) Based on the related party' s transaction price plus the necessary interest on funds and any costs legally required to be borne by the buyer. The necessary interest on funds shall be calculated using the weighted average interest rate of the Company' s borrowings in the year the asset is acquired, provided that such rate shall not exceed the maximum borrowing rate for non-financial institutions announced by the Ministry of Finance.
 - (2) If the related party has previously used the subject asset as collateral for a loan from a financial institution, the reasonableness may be assessed based on the total appraised value determined by the financial institution for the purpose of lending, provided that the actual cumulative loan amount granted by the financial institution on the subject asset reaches at least 70% of such appraised value, and the loan period exceeds one year. However, this method shall not apply where the financial institution and one party to the transaction are related parties.
2. If land and buildings of the same subject are purchased or leased together, the reasonableness of the transaction cost for land and buildings may be assessed separately pursuant to any of the methods listed in the preceding paragraph.
3. When acquiring real property or its right-of-use assets from a related party, the Company shall assess the cost pursuant to the preceding two paragraphs and engage a certified public accountant to review and provide a specific opinion.
4. Where any of the following circumstances apply to the Company' s acquisition of real property or its right-of-use assets from a related party, the preceding three paragraphs shall not apply, and the procedures set forth in the preceding Article shall apply instead:
 - (1) The related party acquired the real property or its right-of-use asset through inheritance or donation.
 - (2) The interval between the related party' s contract date for acquiring the real property or its right-of-use asset and the contract date of this transaction exceeds five years.

- (3) The Company and the related party enter into a joint construction contract, or the Company commissions the related party to construct real property through self-owned land construction, leased-land construction, or similar arrangements.
- (4) The transaction is between the Company and its parent company, subsidiary, or a subsidiary directly or indirectly holding 100% of the issued shares or total capital of the other party, and the real property right-of-use asset acquired is for operational use.

Article 17

1. If the results of the assessments conducted by the Company pursuant to Paragraph 1 and Paragraph 2 of the preceding Article are all lower than the transaction price, the Company shall handle the matter in accordance with Article 18. However, this requirement shall not apply if any of the following circumstances exist, and the Company provides objective evidence and obtains specific reasonable opinions from a professional real estate appraiser and a certified public accountant:
 - (1) Where the related party acquired raw land or leased land to construct buildings, and evidence is provided showing compliance with any of the following conditions:
 - (1.1) The land shall be appraised in accordance with the methods prescribed in the preceding Article, while the building shall be valued based on the related party' s construction cost plus a reasonable construction profit. If the total amount exceeds the actual transaction price, the transaction is deemed reasonable. The term "reasonable construction profit" shall be determined based on either the average gross profit margin of the related party' s construction division over the most recent three years or the most recent gross profit margin for the construction industry published by the Ministry of Finance, whichever is lower.
 - (1.2) Where other floor levels of the same real estate property, or other non- related-party transaction cases within one year in neighboring areas, involve similar property sizes and, after considering reasonable floor or regional price differentials customary in real estate sales or leases, the transaction terms are comparable.

- (2) The Company provides evidence showing that the terms under which the Company acquires the real property or obtains the real property right-of-use asset from a related party are comparable to those of other non– related party transactions within one year in nearby areas with similar floor areas.
2. The term “transaction cases in nearby areas” in the preceding paragraph shall, in principle, refer to cases located within the same or adjacent blocks and within a radius not exceeding 500 meters from the subject property, or cases with similar publicly announced land values. The term “similar floor area” shall, in principle, mean that the floor area of the other non– related party transaction case is not less than 50% of the floor area of the subject property. The term “within one year” shall be calculated by counting backward one year from the date on which the Company acquires the real property or its right-of-use asset.

Article 18

1. If the Company acquires real estate or its right-of-use assets from a related party, and the evaluated results under the preceding two Articles are both lower than the transaction price, the following measures shall be taken:
 - (1) The difference between the transaction price and the assessed cost of the real estate or right-of-use assets shall be appropriated as a special reserve in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act, and shall not be distributed or used for capital increase or stock allocation. For investments accounted for using the equity method, if the investee is the Company itself, the appropriated amount shall also be recognized as a special reserve in proportion to the shareholding according to Article 41, Paragraph 1 of the Securities and Exchange Act.
 - (2) If the Company has established an Audit Committee in accordance with this Procedures, the preceding paragraph shall apply mutatis mutandis to the independent directors serving on the Audit Committee.
 - (3) The handling of the matters in the preceding two subparagraphs shall be submitted to the Shareholders’ Meeting, and the detailed transaction information shall be disclosed in the annual report and prospectus.
2. For special reserves appropriated under the preceding Paragraph, the Company

may only utilize such reserves after the high-priced acquired or leased assets have recognized impairment losses, been disposed of, the lease terminated, appropriate compensation or restoration completed, or other evidence confirms no unreasonable factors, and with the consent of the Financial Supervisory Commission.

3. If there is other evidence indicating that a transaction for acquiring real estate or right-of-use assets from a related party is inconsistent with normal business practices, the Company shall also handle it in accordance with the preceding two Paragraphs.

Section 4: Engaging in Derivative Transactions

Article 19

When the Company engages in derivative transactions, it shall pay attention to the control of the following key risk management and audit matters, which shall be incorporated into the processing procedures:

1. Trading Principles and Policies:

- (1) Types of Transactions

- (1.1) The derivatives engaged by the Company refer to financial instruments whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings, credit indices, or other variables. These include forward contracts, option contracts, futures contracts, leveraged margin contracts, swap contracts, combinations of the above contracts, or structured products embedding derivatives.

- (1.2) Matters related to bond margin transactions shall be handled in accordance with the relevant provisions of this procedure. Transactions involving bonds with repurchase conditions may be exempt from the provisions of this procedure.

- (2) Business (Hedging) Strategy

- The Company shall engage in derivative transactions primarily for hedging purposes. The selected instruments should be used mainly to mitigate risks arising from the Company's business operations. The currencies held must

correspond with the Company' s actual foreign currency needs for import and export transactions. The Company shall net its overall internal positions (considering only foreign currency income and expenditure) to reduce overall foreign exchange risk and save on foreign exchange operation costs. Transactions for other specific purposes must undergo careful evaluation and be submitted to the Board of Directors for approval prior to execution.

(3) Division of Responsibilities

(3.1) Finance and Accounting Unit

i. Trading Personnel

- A. Responsible for formulating the overall strategy for the Company' s financial instrument transactions.
- B. Trading personnel shall calculate positions on a bi-weekly basis, collect market information, conduct trend analysis and risk assessment, and formulate operational strategies, which shall be approved according to the authorization limits and serve as the basis for executing transactions.
- C. Execute transactions based on authorized limits and the established strategy.
- D. In the event of significant changes in the financial market, or if trading personnel determine that the established strategy is no longer applicable, an evaluation report shall be submitted at any time, and the strategy shall be revised and approved by the General Manager, serving as the basis for conducting transactions.

ii. Accounting Personnel

- A. Execute transaction confirmation.
- B. Review whether transactions are conducted in accordance with authorization limits and the established strategy.
- C. Perform monthly valuations and submit the valuation report to the General Manager.
- D. Handle accounting entries.
- E. Submit filings and disclosures in accordance with regulatory requirements.

iii. Settlement Personnel: Execute settlement tasks.

iv. Derivatives Approval Authority

- A. Approval Authority for Hedging Transactions

Approval Authority	Daily Trading Limits
Head of Finance Unit	US\$ 1,000,000-
General Manager	US\$ 3,000,000-

For hedging transactions, the net cumulative position amount shall not exceed one-half of the company's overall net position. If it exceeds one-half, approval from the General Manager must be obtained before proceeding.

- B. For other transactions with specific purposes, if the total contract amount is below US\$2 million, approval from the General Manager is required; if the amount exceeds US\$2 million, approval from the Board of Directors must be obtained before proceeding.
- C. When the Company acquires or disposes of assets and submits the transaction to the Board of Directors for discussion in accordance with regulations, the opinions of all independent directors should be fully considered. If any independent director expresses a dissenting or reserved opinion, it shall be recorded in the minutes of the Board meeting.

(3.2) Audit Unit

Responsible for understanding the adequacy of internal controls over derivative transactions and auditing whether the trading department complies with the established procedures. The unit shall analyze the transaction cycle, prepare an audit report, and report to the Board of Directors in case of any significant deficiencies.

(4) Ongoing Evaluation

(4.1) Hedging Transactions

- i. Performance evaluation shall be based on the gains and losses arising from the difference between the company' s book exchange rate cost and the derivative financial transactions conducted.
- ii. To fully capture and represent the valuation risk of transactions, the company shall perform a monthly mark-to-market evaluation to assess gains and losses.
- iii. The Finance Unit shall provide the General Manager with foreign exchange position valuations, market trends, and market analyses

for management reference and guidance.

(4.2) Specific-Purpose Transactions

Performance evaluation shall be based on the actual gains and losses incurred, and accounting personnel shall regularly prepare position reports for management reference.

(5) Setting of Total Contract Amount and Loss Limits

(5.1) Total Contract Amount

i. Hedging Transactions

For hedging transactions, the finance unit shall monitor the company's overall positions to mitigate trading risks. The amount of hedging transactions shall not exceed one-half of the company's total net positions. If it exceeds one-half, approval from the General Manager is required.

ii. Specific-Purpose Transactions

Based on forecasts of market conditions, the finance unit may formulate strategies for specific-purpose transactions, which must be submitted for approval by the General Manager and the Chairman before execution. The total contract amount for all specific-purpose transactions across the company's net cumulative positions is capped at USD 3 million. Any amount exceeding this limit must be approved by the Board of Directors and executed according to policy instructions.

(5.2) Setting Loss Limits

i. Hedging Transactions: Stop-loss points for hedging transactions shall be set such that total or individual contract losses do not exceed 15% of the contract amount. If losses exceed 15%, the General Manager must be immediately notified, and the Board of Directors informed to discuss necessary countermeasures.

ii. Specific-Purpose Transactions: After establishing positions, stop-loss points must be set to prevent excessive losses. The limit for total or individual contract losses shall not exceed 15% of the transaction contract amount. If losses exceed 15%, the General Manager must be immediately notified, and the Board of Directors informed to discuss necessary countermeasures.

iii. Annual Loss Limit for Specific-Purpose Transactions: The maximum annual loss for specific-purpose trading operations is USD 1 million.

2. Risk Management Measures

(1) Credit Risk Management:

Given that market fluctuations may cause operational risks in derivative financial products, market risk management shall follow these principles:

(1.1) Counterparties: Primarily well-known domestic and international financial institutions.

(1.2) Products: Limited to products offered by reputable domestic and international financial institutions.

(1.3) Transaction Amounts: For each counterparty, the net open position shall not exceed 10% of the authorized total amount, unless approved by the General Manager.

(2) Market Risk Management:

Focus on the public foreign exchange markets provided by banks; futures markets are not considered at this stage.

(3) Liquidity Risk Management:

To ensure market liquidity, financial products chosen should be highly liquid (i.e., can be offset in the market at any time). Financial institutions entrusted with trading must have sufficient information and the ability to execute trades in any market at any time.

(4) Cash Flow Risk Management: :

To ensure stable operational cash flow, funds used in derivative trading shall be limited to the company's own funds. The amount of trading should consider cash flow projections for the next three months.

(3) Operational Risk Management:

i. Strict adherence to company authorization limits, operational procedures, and inclusion in internal audits to avoid operational risks.

- li. Personnel responsible for derivative trading, confirmation, and settlement must not hold multiple roles.
- lii. Personnel responsible for risk measurement, supervision, and control must be from a separate department and report to the Board of Directors or senior management without trading or position decision-making responsibilities.
- liv. Positions held in derivative products must be evaluated at least once per week; for hedging transactions required for business operations, evaluations must occur at least twice per month, and reports submitted to senior management authorized by the Board.

(6) Product Risk Management:

Internal trading personnel must have complete and accurate professional knowledge of financial products. Banks are required to fully disclose risks to prevent misuse of financial product risks.

(7) Legal Risk Management:

All documents signed with financial institutions must be reviewed by foreign exchange, legal, or legal advisor personnel before formal signing to avoid legal risks.

3. Internal Audit System

(1) Internal audit personnel shall regularly assess the adequacy of internal controls over derivative product trading. They shall conduct monthly audits of the trading department's compliance with the derivative trading procedures, analyze transaction cycles, and prepare audit reports. In the event of significant violations, the audit personnel must notify the Audit Committee in writing.

(2) Internal audit personnel shall submit the audit report along with the annual internal audit findings to the Financial Supervisory Commission (FSC) by the end of February of the following year. Any remediation of irregularities must be reported to the FSC for record by no later than the end of May of the following year.

4. Periodic Evaluation Methods and Handling of Irregularities

- (1) The Board of Directors shall authorize senior management to periodically supervise and evaluate whether derivative transactions are conducted in accordance with the company's established procedures and whether the risks undertaken remain within the approved limits.

If any irregularities are identified in the mark-to-market valuation reports (such as when the held positions exceed the loss limits), senior management shall immediately report to the Board of Directors and take appropriate corrective actions.

- (2) Positions held in derivative transactions shall be evaluated at least once a week. However, hedging transactions conducted for business purposes shall be evaluated at least twice a month. The evaluation reports shall be submitted to the senior management authorized by the Board of Directors.

5. Supervisory Principles of the Board of Directors for Derivative Transactions

- (1) The Board of Directors shall designate senior management to continuously monitor and control the risks associated with derivative transactions. The supervisory principles are as follows:

- (1.1) Periodically evaluate whether the current risk management measures are appropriate and ensure that transactions are conducted in accordance with these Guidelines and the company's established procedures for derivative transactions.

- (1.2) Supervise trading activities and profit/loss conditions. When any irregularity is identified, necessary corrective actions shall be taken immediately, and the matter shall be promptly reported to the Board of Directors. Independent directors shall attend the meeting and express their opinions.

- (2) Periodically evaluate whether the performance of derivative transactions aligns with the established business strategies and whether the risks assumed remain within the risk tolerance levels acceptable to the company.

- (4) When the company engages in derivative transactions and authorizes relevant personnel to execute such transactions in accordance with the established procedures, the execution results shall be reported to the most recent Board of Directors meeting.

- (4) The company shall establish a record book for derivative transactions. The types and amounts of derivative transactions, dates of approval by the Board of Directors, and other matters requiring prudent evaluation pursuant to Paragraph 4, Item (2), and Paragraph 5, Items (1) and (2), shall be recorded in detail for reference.

Section 5: Mergers, Spin-offs, Acquisitions, and Share Transfers

Article 20

When the Company conducts a merger, spin-off, acquisition, or share transfer, it shall, prior to the Board of Directors' resolution, engage certified public accountants, attorneys, or securities underwriters to provide an opinion on the reasonableness of the share exchange ratio, acquisition price, or the cash or other property distributed to shareholders, and submit such opinion to the Board of Directors for discussion and approval.

However, if the Company merges with a subsidiary of which it directly or indirectly holds 100% of the outstanding shares or total capital, or if two subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or total capital merge with each other, the Company may be exempt from obtaining the aforementioned expert opinion on reasonableness.

Article 21

1. When the Company participates in a merger, spin-off, or acquisition, it shall prepare a public disclosure document for shareholders prior to the convening of the shareholders' meeting. This document shall include the key terms and related matters of the merger, spin-off, or acquisition, and shall be delivered to shareholders together with the experts' opinion specified in the preceding Article, paragraph 1, and the notice of the shareholders' meeting, for shareholders' reference in deciding whether to approve the merger, spin-off, or acquisition. However, this requirement does not apply where, in accordance with other applicable laws, a merger, spin-off, or acquisition may be effected without a resolution of the shareholders' meeting.
2. When the Company participates in a merger, spin-off, or acquisition, and the shareholders' meeting of any participating company cannot be convened or cannot adopt a resolution due to insufficient attendance, insufficient voting rights, or other legal restrictions, or if the proposal is rejected by the shareholders'

meeting, the companies participating in the merger, spin-off, or acquisition shall immediately make a public announcement explaining the cause of the event, the subsequent handling procedures, and the expected date for convening the next shareholders' meeting.

Article 22

1. Except where otherwise provided by other applicable laws or where special circumstances have been approved in advance by the Financial Supervisory Commission (FSC), companies participating in a merger, spin-off, or acquisition shall convene their board of directors meetings and shareholders' meetings on the same day to resolve matters related to the merger, spin-off, or acquisition.
2. Except where otherwise provided by other applicable laws or where special circumstances have been approved in advance by the FSC, companies participating in a share transfer shall convene their board of directors meetings on the same day.
3. Where the Company participates in a merger, spin-off, acquisition, or share transfer involving a listed company or a company whose shares are traded at the business premises of securities firms, the Company shall prepare complete written records of the following information and retain such records for five years for audit purposes:
 - (1) Basic personnel information: including the job titles, names, and national identification numbers (or passport numbers for foreign nationals) of all persons involved in the merger, spin-off, acquisition, or share transfer plan or its execution before the information is made public.
 - (2) Dates of significant events: including the dates of signing letters of intent or memoranda of understanding, engaging financial or legal advisors, signing agreements, and holding board meetings.
 - (3) Important documents and meeting minutes: including the merger, spin-off, acquisition, or share transfer plan, letters of intent or memoranda of understanding, major agreements, and board meeting minutes.
4. When the Company participates in a merger, spin-off, acquisition, or share transfer involving a listed company or a company whose shares are traded at the business premises of securities firms, the Company shall, within two days

from the date of the board resolution, file the information under Items (1) and (2) of the preceding paragraph with the FSC for recordation via the designated Internet information reporting system.

5. If any of the companies participating in the merger, spin-off, acquisition, or share transfer is not a listed company nor a company whose shares are traded at the business premises of securities firms, the listed or traded company shall enter into an agreement with such company and shall comply with the requirements set out in the preceding two paragraphs.

Article 23

All persons who participate in or become aware of the Company' s merger, spin-off, acquisition, or share transfer plans shall issue a written confidentiality undertaking. Prior to public disclosure of the information, such persons shall not disclose any content of the plan to external parties, nor shall they trade, either in their own name or in the name of others, the stocks or any other equity-type securities of any companies involved in the merger, spin-off, acquisition, or share transfer.

Article 24

When the Company participates in a merger, spin-off, acquisition, or share transfer, the share exchange ratio or acquisition price shall not be arbitrarily altered except under any of the following circumstances. Such permissible circumstances for adjustment shall also be expressly stipulated in the merger, spin-off, acquisition, or share transfer agreement:

1. Conducting a cash capital increase, issuing convertible corporate bonds, distributing stock dividends, issuing corporate bonds with warrants, preferred shares with warrants, subscription warrants, or other equity-type securities.
2. Disposal of material assets or other actions that affect the Company' s financial or business conditions.
3. Occurrence of major disasters, significant technological changes, or other events that affect shareholders' equity or the market price of securities.
4. Adjustments resulting from any party involved in the merger, spin-off, acquisition, or share transfer repurchasing treasury shares in accordance with law.

5. Increase or decrease in the entities or number of companies participating in the merger, spin-off, acquisition, or share transfer.
6. Other conditions permitted for amendment that have been specified in the agreement and publicly disclosed.

Article 25

When the Company participates in a merger, spin-off, acquisition, or share transfer, the agreement shall specify the rights and obligations of each company involved in the merger, spin-off, acquisition, or share transfer, and shall include the following matters:

1. Handling of breach of contract.
2. Principles for handling equity-type securities previously issued, or treasury shares previously repurchased, by a company that is to be dissolved due to the merger or spin-off.
3. The number of treasury shares that participating companies may legally repurchase after the base date for calculating the share exchange ratio, and the principles for handling such shares.
4. Methods for handling any increase or decrease in the entities or number of companies participating in the transaction.
5. The expected implementation schedule of the plan and the estimated completion timeline.
6. Relevant procedures to be followed when the plan is not completed within the prescribed time limit, including the scheduled date for convening a shareholders' meeting if required by law.

Article 26

When the Company participates in a merger, spin-off, acquisition, or share transfer, if any participating company, after the information has been publicly disclosed, intends to engage in another merger, spin-off, acquisition, or share transfer with a third party, then—except where the number of participating entities is reduced and a shareholders' meeting has already resolved to authorize the board of directors

to make such changes without reconvening a shareholders' meeting—the procedures or legal acts already completed under the original merger, spin-off, acquisition, or share transfer plan must be redone by all participating companies.

Article 27

If any company participating in a merger, spin-off, acquisition, or share transfer is not a public company, the Company shall enter into an agreement with such entity and handle the matter in accordance with Article 22, Article 23, and the preceding Article.

Chapter 3: Information Disclosure

Article 28

1. When the Company acquires or disposes of assets and any of the following circumstances occurs, the Company shall, based on the nature of the transaction and in the prescribed format, disclose and report the relevant information on the website designated by the Financial Supervisory Commission within two days from (and including) the date of the occurrence of the event:
 - (1) Acquiring or disposing of real property or right-of-use assets thereof from or to a related party, or acquiring or disposing of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more. However, this requirement does not apply to the trading of domestic government bonds, bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Conducting mergers, demergers, acquisitions, or share transfers.
 - (3) Engaging in derivative transactions that incur losses reaching the total or individual contract loss limits stipulated in the Company's internal procedures.
 - (4) Acquiring or disposing of equipment or right-of-use assets for business operations, where the transaction counterparty is not a related party, and the transaction amount meets one of the following criteria:

(4.1) For public companies with paid-in capital of less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

(4.2) For public companies with paid-in capital of NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

(5) For public companies engaged in construction businesses, acquiring or disposing of real estate or right-of-use assets for construction purposes, where the counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.

For companies with paid-in capital of NT\$10 billion or more, when disposing of self-constructed completed real estate projects (and where the counterparty is not a related party), the transaction amount reaches NT\$1 billion or more.

(6) Acquiring real estate through joint construction on owned land, joint construction on leased land, joint construction with allocated units, joint construction with profit sharing, or joint construction with unit sales, where the counterparty is not a related party and the Company's planned investment amount reaches NT\$500 million or more.

(7) For asset transactions other than those specified in the preceding five subparagraphs, disposal of claims by financial institutions, or investments in Mainland China, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more.

However, the following situations are excluded:

(7.1) Trading of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of the Republic of China (Taiwan).

(7.2) For entities whose business is investment, trading of securities conducted on a stock exchange or at a securities firm's place of business; subscription to foreign government bonds or corporate bonds (ordinary bonds) and general financial bonds without equity characteristics (excluding subordinated bonds) issued in the primary market; subscription or redemption of securities investment trust funds or futures trust funds; subscription or sale of exchange-traded notes; or securities acquired by securities firms for underwriting purposes, or

for securities subscribed in accordance with the rules of the Taipei Exchange when acting as a recommending securities firm for emerging stock companies.

(7.3) Trading of bonds with repurchase or reverse repurchase conditions, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

2. The transaction amount referred to in the preceding paragraph shall be calculated as follows:
 - (1) The amount of each individual transaction.
 - (2) The cumulative amount of transactions within one year for acquiring or disposing of assets of the same nature with the same counterparty.
 - (3) The cumulative amount within one year for acquiring or disposing (accumulated separately for acquisition and disposal) of real estate or its usage rights under the same development project.
 - (4) The cumulative amount within one year for acquiring or disposing (accumulated separately for acquisition and disposal) of the same securities.
3. The term "within one year" referred to in the preceding paragraph shall be calculated retrospectively from the date on which the current transaction occurs. Amounts already disclosed in accordance with these regulations shall be excluded from the calculation.
4. The Company shall, on a monthly basis, report the status of derivative transactions conducted by the Company and its subsidiaries that are not domestic subsidiaries of the Company, up to the end of the previous month. Such information shall be entered in the format prescribed and submitted to the information reporting website designated by the Financial Supervisory Commission no later than the 10th day of each month.
5. If any of the items required to be disclosed by the Company are found to contain errors or omissions at the time of disclosure and require correction, the Company shall, within two days from the date of becoming aware of the issue, re-announce and submit all items in full.

6. When the Company acquires or disposes of assets, all related contracts, meeting minutes, reference books, appraisal reports, and opinions from accountants, lawyers, or securities underwriters shall be retained at the Company. Unless otherwise required by law, these documents shall be preserved for at least five years.

Article 29

After the Company has made an announcement and filing of a transaction in accordance with the preceding article, if any of the following circumstances occurs, the Company shall, within two days from the date of occurrence, announce and file the relevant information on the website designated by the Financial Supervisory Commission:

1. Any change, termination, or cancellation of the relevant contract originally executed for the transaction.
2. Failure to complete a merger, demerger, acquisition, or share transfer in accordance with the schedule specified in the contract.
3. Any change to the content previously announced and filed.

Chapter 4: Supplementary Provisions

Article 30

1. Where a subsidiary of the Company that is not a domestic public company acquires or disposes of assets under circumstances requiring announcement and filing as prescribed in the preceding chapter, such announcement and filing shall be made by the Company on behalf of the subsidiary.
2. For the subsidiary referred to in the preceding paragraph, the standards for announcement and filing under Article 29, Paragraph 1—specifically those relating to paid-in capital or total assets—shall be determined based on the Company's paid-in capital or total assets.

Article 31

1. The provision in these Procedures regarding ten percent (10%) of total assets shall be calculated based on the total assets shown in the most recent individual financial statements prepared in accordance with the Regulations Governing the

Preparation of Financial Reports by Securities Issuers.

2. For companies whose shares have no par value or have a par value per share other than NT\$10, the transaction amount threshold set at twenty percent (20%) of paid-in capital under these Procedures shall instead be calculated as ten percent (10%) of equity attributable to owners of the parent. The transaction amount threshold set at paid-in capital of NT\$10 billion under these Procedures shall instead be calculated as NT\$20 billion of equity attributable to owners of the parent.

Article 32

Penalties

Managers and personnel of the Company who violate the provisions of these Procedures shall immediately report the matter to their direct supervisor and the senior financial decision-making officer. Disciplinary actions shall be taken in accordance with applicable laws and regulations or the Company's relevant personnel management rules. If the violation involves significant intent or negligence, legal action may be taken when necessary.

Article 33

Matters not covered in these Procedures shall be handled in accordance with applicable laws, regulations, and the Company's relevant rules. If the competent authority amends the regulations governing procedures for acquisition or disposal of assets and issues new directives, the Company shall comply with the provisions of such new directives.

Article 34

These Regulations shall take effect after approval by the shareholders' meeting; the same shall apply to any amendments.

Article 35

These Regulations were established on May 21, 2023.
The first amendment was made on August 28, 2024.