HSING TA CEMENT CO., LTD.

Category	Procedures for Acquisition or Disposal of Assets	Formulated by	Board of Directors	Document No.	HOAC001
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Version	Revision			Description of Revision	Drafted by	Reviewed by	Approved by	Date
	Revision No.	Page	Article(s)					
A				Newly enacted	Regulation Formulation Taskforce	Board of Directors	Shareholders' Meeting	May 30, 2003
A	1	6/14 7/14	Article 9	"Paid-in capital" replaced with "net worth stated in the most recent CPA-audited financial statements."	Regulation Formulation Taskforce	Board of Directors	Shareholders' Meeting	May 21, 2004
A	2	2/15 3/15 6/15 9/15 12/15	Article 2 Article 4 Article 8 Article 15 Article 21	Amended in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies."	Regulation Formulation Taskforce	Board of Directors	Shareholders' Meeting	June 8, 2007
A	3	10/15	Article 16	Added provisions for the aggregate and individual loss limits for derivative contracts.	Regulation Formulation Taskforce	Board of Directors	Shareholders' Meeting	June 13, 2007
A	4	3/15 4/15 5/15 10/15	Article 4 Article 5 Article 6 Article 16	1. Adjusted due to organizational restructuring. 2. Revised authorization limits for derivative transactions.	Finance & Accounting Department	Board of Directors	Shareholders' Meeting	June 18, 2010
A	5	2/15 3/15 4/15 5/15 7/15 8/15 13/15	Article 1 Article 4 Article 5 Article 6 Article 7 Article 8 Article 10 Chapter 2 Article 12 Article 13 Article 21	Amended in accordance with FSC Letter No. 1010004588 dated February 13, 2012.	Regulation Formulation Taskforce	Board of Directors	Shareholders' Meeting	June 22, 2012

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Version	Revision			Description of Revision	Drafted by	Reviewed by	Approved by	Date
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A	6	2/15 3/15 5/15 7/15 8/15 12/15 13/15	Article 1 Article 3 Article 4 Article 7 Article 10 Article 11 Article 12 Article 19 Article 21	1.Adjusted in response to the adoption of International Financial Reporting Standards (IFRS). 2.Amended in line with the Executive Yuan Letter Tai-Gui-Zi No. 1010134960, Article 10, concerning government organizational restructuring.	Regulation Formulation Taskforce	Board of Directors	Shareholders' Meeting	June 28, 2013
A	7	2/15 3/15 4/15 5/15 6/15 7/15 8/15 9/15 11/15 12/15 14/15 15/15	Article 2 Article 3 Article 4 Article 5 Article 6 Article 7 Article 8 Article 10 Article 13 Article 14 Article 16 Article 22 Article 27 Article 28	1. Amended in accordance with FSC Letter No. 1020053073 to align with the adoption of International Financial Reporting Standards (IFRS) and the revised applicable national accounting standards. 2. Revised to reflect the amendment to Article 156 of the Company Act. 3. Clarified that transactions involving intangible assets with government agencies no longer require an accountant's opinion on the reasonableness of the transaction price. 4. Adjusted the applicable scope of public disclosure and filing requirements. 5. Specified the calculation method for disclosure and filing by subsidiaries. 6. Amended in line with the Company's organizational restructuring.	Regulation Formulation Taskforce	Board of Directors	Shareholders' Meeting	June 22, 2014

A	8	4/16 5/16 6/16 7/16 9/16 14/16	Article 4 Article 5 Article 7 Article 8 Article 13 Article 20	1. Amended in accordance with FSC Letter No. 1060001296. 2. Clarified terminology pertaining to government agencies and made minor textual revisions accordingly. 3. Relaxed the requirement for subsidiaries in merger cases to obtain an expert opinion on the reasonableness of the share exchange ratio. 4. Revised the definition of money market funds to specify that such funds are issued by institutions engaged in securities investment trust business. 5. Revised the provisions governing the transaction amounts for acquisition or disposal of business-use equipment involving non-related parties, and adjusted the internal order of clauses accordingly. 7. Specified the time limit for corrections when a company's public announcement contains errors or omissions.	Regulation Formulation Taskforce	Board of Directors	Shareholders' Meeting	June 16, 2017

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A	10	3/17 4/17 5/17 6/17 7/17 8/17 9/17 10/17 11/17 12/17 13/17 16/17	Article 2 Article 3 Article 4 Article 5 Article 6 Article 7 Article 8 Article 10 Article 13 Article 14 Article 15 Article 16 Article 17 Article 26	1. Amended in accordance with FSC Letter No. 10703410725. 2. Expanded the scope of right-of-use assets in compliance with IFRS 16 “Leases.” 3. Defined the scope of derivative instruments in accordance with IFRS 9 “Financial Instruments.” 4. Clarified the scope of stock exchanges and securities dealers’ business premises. 5. Specified that transactions are limited to domestic government agencies and domestic government bonds. 6. Aligned the disclosure and filing standards of subsidiaries with those of the parent company. 7. Relaxed procedural requirements in consideration of overall business planning needs. 8. Clarified the responsibilities and disqualifications of external experts, and—by reference to Article 9 of the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”—specified the requirements for assessment, verification, and declaration when external experts issue valuation reports or opinions. 9. Reflected the Company’s organizational restructuring by merging the Accounting Department and the Finance Department into the Finance and Accounting Department. 10、Made minor textual revisions.	Regulation Formulation Taskforce	Board of Directors	Shareholders’ Meeting	June 21, 2019
A	11	All	Article 4 Article 7 Article 8 Article 13 Article 14 Article 21 Article 24 Article 26	**1.** Amended, added, and deleted wording in accordance with the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies” (version dated January 28, 2022). **2.** Adjusted page numbering.	Regulation Formulation Taskforce	Board of Directors	Shareholders’ Meeting	June 22, 2022

Chapter 1 General Provisions

Article 1 (Purpose and Legal Basis)

These Procedures are established pursuant to Article 36-1 of the Securities and Exchange Act and the regulations prescribed by the Financial Supervisory Commission (“FSC”) for the purpose of strengthening asset management and ensuring information transparency.

Article 2 (Scope of Assets)

The term “assets” referred to in these Procedures shall include the following:

1. Investments in securities such as stocks, government bonds, corporate bonds, financial debentures, fund certificates, depositary receipts, call (put) warrants, beneficiary certificates, and asset-backed securities.
2. Real property (including land, buildings, investment property, and inventory of construction enterprises) and equipment.
3. Membership certificates.
4. Intangible assets such as patents, copyrights, trademarks, and franchise rights.
5. Right-of-use assets.
6. Claims against financial institutions (including accounts receivable, discounted foreign exchange bills, loans, and collections).
7. Derivative instruments.
8. Assets acquired or disposed of through mergers, demergers, acquisitions, or share transfers conducted pursuant to law.
9. Other significant assets.

Article 3 (Definitions)

The terms used in these Procedures are defined as follows:

1. Derivative instruments: Refers to forward contracts, options, futures, margin contracts, swap contracts, combinations of the foregoing contracts, or structured products containing embedded derivatives, the value of which is derived from specific interest rates, prices of financial instruments or commodities, 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 (sales) contracts.
2. Assets acquired or disposed of through mergers, demergers, acquisitions, or share transfers pursuant to law: Refers to assets acquired or disposed of in mergers, demergers, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institutions Merger Act, or other applicable laws, or through the issuance of new shares for acquiring another company’s shares pursuant to Article 156-3 of the Company Act (hereinafter referred to as “share transfers”).

3. **Related parties and subsidiaries:** Shall be identified in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

4. **Professional appraiser:** Refers to a real estate appraiser or any other person legally authorized to engage in real estate or equipment valuation.

5. **Date of occurrence:** Refers to the earlier of the contract signing date, payment date, transaction execution date, transfer date, Board resolution date, or any other date sufficient to confirm the counterparty and transaction amount. However, for investments requiring the approval of the competent authority, it shall be the earlier of the aforementioned dates or the date of approval obtained from the authority.

6. **Investment in Mainland China:** Refers to investments or technical cooperation conducted in Mainland China pursuant to the "Regulations Governing Investment or Technical Cooperation in the Mainland Area" promulgated by the Investment Commission, Ministry of Economic Affairs.

7. **Domestic stock exchange:** Refers to the Taiwan Stock Exchange Corporation.

8. **Domestic securities dealers' business premises:** Refers to the designated counters at which securities firms conduct transactions in accordance with the "Regulations Governing Securities Firms' Business Premises for Securities Trading."

Article 4 (Evaluation Procedures)

The procedures for evaluating the acquisition or disposal of assets are as follows: ：

1. For the acquisition or disposal of long-term or short-term securities investments, or the conduct of derivative transactions, the Chairperson shall designate responsible personnel or the Investment and Development Department to analyze potential benefits and assess possible risks. For the acquisition or disposal of real property or other assets, each department shall prepare a capital expenditure plan in advance to evaluate the purpose and expected benefits of the acquisition or disposal. In the case of related-party transactions, the reasonableness of the transaction terms shall be assessed in accordance with Chapter 2 of these Procedures.
2. For the acquisition or disposal of securities, the Company shall obtain, prior to the date of occurrence, the most recent CPA-audited or reviewed financial statements of the target company as a reference for evaluating the transaction price. If the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NT$300 million or more, the Company shall, prior to the date of occurrence, engage an accountant to provide an opinion on the reasonableness of the transaction price. This requirement does not apply where the securities are publicly quoted in an active market or otherwise exempted under FSC regulations.

   For the acquisition or disposal of intangible assets, right-of-use assets, or membership certificates where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NT$300 million or more, the Company shall, except for transactions with domestic government agencies, engage an accountant prior to the date of occurrence to provide an opinion on the reasonableness of the transaction price.

   3. For the acquisition or disposal of real property, equipment, or right-of-use assets where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NT$300 million or more, the Company shall, prior to the date of occurrence, engage an independent and impartial professional appraiser to issue an appraisal report, and shall proceed in accordance with the asset valuation procedures set forth herein.

4. For mergers, demergers, acquisitions, or share transfers, the Company shall, prior to the Board of Directors' resolution, engage a certified public accountant, attorney, or securities underwriter to provide an opinion on the reasonableness of the share exchange ratio, acquisition price, or the cash or other property distributed to shareholders, which shall then be submitted to the Board of Directors for discussion and approval. However, if the merger involves a subsidiary in which the Company directly or indirectly holds one hundred percent (100%) of the issued shares or total capital, or a merger between such wholly owned subsidiaries, an expert opinion on reasonableness may be exempted.
5. The methods for determining and referencing the transaction price for the acquisition or disposal of assets, in addition to consulting opinions from professional appraisers, accountants, or other relevant experts as provided above, shall be handled in accordance with the following circumstances:
   （1）For securities traded on centralized exchanges or over-the-counter markets, the price shall be based on the prevailing share or bond prices at the time of the transaction.
   （2）For securities not traded on centralized exchanges or over-the-counter markets, factors such as net worth per share, technology and profitability, future development potential, market interest rates, bond coupon rates, and the debtor's creditworthiness shall be taken into account, with reference to the most recent transaction prices.
   （3）For the acquisition or disposal of membership certificates, the decision shall consider the potential benefits and refer to the most recent transaction prices. For intangible assets such as patents, copyrights, trademarks, or franchise rights, international or market practices, useful life, and their impact on the Company's technology and business shall be considered.
   （4）For the acquisition or disposal of real property, equipment, or right-of-use assets, the transaction price shall be determined with reference to publicly announced current values, appraised values, actual transaction prices of neighboring properties, book values, or suppliers' quotations. For purchases of real property or right-of-use assets from related parties, the transaction price shall first be calculated in accordance with Chapter 2 of these Procedures to assess its reasonableness.
   （5）For derivative transactions, reference shall be made to the prevailing conditions in the futures market as well as exchange rate and interest rate trends.
   （6）For mergers, demergers, acquisitions, or share transfers, the business nature, net worth per share, asset value, technology and profitability, production capacity, and future growth potential shall be taken into consideration.

Article 5：（Decision-Making Level）

The decision-making levels for the acquisition o r disposal of assets are prescribed as follows:

1. Major transactions that are required by the Company Act or other applicable laws to be resolved by the Shareholders' Meeting shall be handled in accordance with such provisions.
2. Long-term equity investments shall be approved by the Board of Directors.

3. 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 other assets (excluding real property or right-of-use assets) from or to a related party, and the transaction amount reaches twenty percent (20%) of the Company's paid-in capital, ten percent (10%) of total assets, or NT$300 million or more, the transaction—except for purchases or sales of domestic government bonds, repurchase and reverse repurchase bonds, or subscriptions to or redemptions of money market funds issued by domestic securities investment trust enterprises—shall be conducted in accordance with Chapter 2 of these Procedures, with relevant documents prepared, approved by the Audit Committee, and then resolved by the Board of Directors before execution.
4. Derivative Transactions:
   （１）Hedging transactions: Based on the Company's operating volume and exposure to risks, the Chairperson may designate responsible personnel to execute transactions with an individual notional amount of up to USD 1.5 million (or equivalent in other currencies). Transactions exceeding USD 1.5 million shall be subject to the Chairperson's prior approval.
   （2）Non-hedging transactions: To control risk, any single transaction up to USD 1.5 million (or equivalent) shall require prior approval by the Chairperson, while transactions exceeding USD 1.5 million shall require prior approval by the Board of Directors.
   （3）To ensure compliance with the corresponding supervisory management of financial institutions, the authorized trading personnel shall inform the counterparty banks of such authorizations.
   （4）Derivative transactions conducted under the foregoing authorizations shall be reported to the next meeting of the Board of Directors.
5. Mergers, demergers, acquisitions, or share transfers shall be conducted in accordance with Chapter 4 of these Procedures, with the relevant procedures followed and documentation prepared. Among them, mergers, demergers, and acquisitions shall be executed only after approval by the Shareholders' Meeting, unless such approval is exempted by other applicable laws. Share transfers shall be executed after being approved by the Board of Directors.
6. Investments in Mainland China shall be approved by the Shareholders' Meeting or executed under the authorization of the Shareholders' Meeting by the Board of Directors, and shall be carried out only after obtaining approval from the Investment Commission of the Ministry of Economic Affairs.
7. For matters not covered by the preceding six subparagraphs:
   - Transactions with an amount of NT$30 million or less shall be approved by the President.
   - Transactions exceeding NT$30 million but less than NT$200 million shall be approved by the Chairperson.
   - Transactions of NT$200 million or more shall require approval by the Board of Directors before execution.

Article 6：（Execution Units and Transaction Procedures）

The execution units for the Company's short-term and long-term securities investments and derivative transactions shall be personnel designated by the Chairperson or the Finance and Accounting Department. The execution units for real property and other assets shall be the using departments and other responsible units. For mergers, demergers, acquisitions, or share transfers, the execution units shall be designated by the Chairperson. Upon completion of evaluation and approval in accordance with the prescribed procedures, the execution unit shall carry out the transaction process, including contract execution, payment and receipt, delivery, and acceptance, following the internal control procedures applicable to the nature of the asset. In addition, related-party transactions, derivative transactions, and mergers, demergers, acquisitions, or share transfers shall be conducted in accordance with Chapters 2 through 4 of these Procedures.

Article 7：（Public Disclosure and Filing Procedures）

Under any of the following circumstances involving the acquisition or disposal of assets, the Company shall, within two (2) days from (and inclusive of) the date of occurrence, publicly disclose and file the relevant information on the FSC-designated website in the format and manner prescribed by law:

1. Acquisition or disposal of real property or its right-of-use assets from or to a related party, or acquisition or disposal of other assets (excluding real property or right-of-use assets) from or to a related party, where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital, ten percent (10%) of total assets, or NT$300 million or more. This requirement does not apply to transactions involving domestic government bonds, repurchase or reverse repurchase bonds, or subscriptions to or redemptions of money market funds issued by domestic securities investment trust enterprises.
2. Conducting a merger, demerger, acquisition, or share transfer.
3. The loss incurred from derivative transactions reaches the aggregate or individual contract loss limit as prescribed in these Procedures.
4. Acquisition or disposal of equipment or its right-of-use assets for business use, where the transaction counterparty is not a related party and the transaction amount reaches NT$500 million or more.
5. In the course of construction business operations, acquisition or disposal of real property or right-of-use assets for construction use, where the counterparty is not a related party and the transaction amount reaches NT$500 million or more.
6. Acquisition of real property through self-commissioned construction on own land, construction on leased land, joint construction and allocation of units, joint construction and profit sharing, or joint construction and sales, where the counterparty is not a related party and the Company's intended investment amount reaches NT$500 million or more.
7. Transactions involving assets other than those referred to in the preceding six subparagraphs, or investments in Mainland China, where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NT$300 million or more. The following circumstances are excluded from this requirement:
   （1）Purchase or sale of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of the Republic of China (Taiwan).
   （2）Purchase or sale of repurchase or reverse repurchase bonds, or subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.

The transaction amounts 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 (1) year with the same counterparty for acquiring or disposing of assets of the same nature.
3. The cumulative amount of acquisitions or disposals (calculated separately) within one (1) year of real property or right-of-use assets under the same development project.
4. The cumulative amount of acquisitions or disposals (calculated separately) within one (1) year of the same securities.

The term "within one year" as referred to in the preceding paragraph shall be calculated retrospectively from the date of occurrence of the current transaction, and portions that have already been publicly disclosed in accordance with these Procedures shall be excluded from the calculation.

The Company shall, on a monthly basis, input into the FSC-designated information reporting website, by the tenth (10th) day of each month, the details of derivative transactions conducted by the Company and its subsidiaries that are not domestic public companies as of the end of the previous month, in the format prescribed by the competent authority.

If any errors or omissions are found in previously disclosed items requiring correction, the Company shall, within two (2) days from (and inclusive of) the date of discovery, make a new public disclosure and filing of all items.

If any of the following circumstances occur with respect to a transaction that has already been publicly disclosed and filed, the Company shall, within two (2) days from (and inclusive of) the date of occurrence, publicly disclose and file the relevant information on the FSC-designated website:

1. Any change, termination, or cancellation of the original contract.
2. The merger, demerger, acquisition, or share transfer is not completed according to the schedule set forth in the contract.
3. Any change to the content previously disclosed and filed.

Article 8：（Asset Valuation Procedures）

Where the Company acquires or disposes of real property, equipment, or right-of-use assets, except for transactions with domestic government agencies, self-commissioned construction on own land, construction on leased land, or acquisition/disposal of equipment or right-of-use assets for business use, and where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NT$300 million or more, the Company shall, prior to the date of occurrence, obtain an appraisal report issued by a professional appraiser in compliance with the following provisions.
However, where the asset is acquired or disposed of through a court auction process, the supporting documents issued by the court may be used in lieu of the appraisal report or accountant's opinion.

1. Where special circumstances require the use of a restricted, specific, or special price as a reference for determining the transaction price, such transaction shall first be approved by a resolution of the Board of Directors; the same shall apply to any subsequent changes to the transaction terms.
2. Where the transaction amount reaches NT$1 billion or more, the Company shall engage at least two (2) professional appraisers to conduct the valuation.

3. Under any of the following circumstances in connection with the professional appraiser's valuation results, the Company shall, except where all appraisal results for acquired assets are higher than the transaction amount or all appraisal results for disposed assets are lower than the transaction amount, engage an accountant to provide a specific opinion on the reasons for the discrepancies and the appropriateness of the transaction price:
   (1) The discrepancy between the appraised value and the transaction amount is twenty percent (20%) or more of the transaction amount.
   (2) The discrepancy between the appraisal results of two or more professional appraisers is ten percent (10%) or more of the transaction amount.
4. The date of the professional appraiser's report shall be no earlier than three (3) months prior to the contract execution date. However, where the report is based on the same publicly announced current values and such values are not older than six (6) months, the original professional appraiser may issue an updated opinion letter.

The calculation of the transaction amounts under this Article and Paragraph 2 of Article 4 shall be conducted in accordance with Paragraph 2 of Article 7. The term "within one year" shall be calculated retrospectively from the date of occurrence of the current transaction, and portions for which the Company has already obtained an appraisal report from a professional appraiser or an accountant's opinion in accordance with these Procedures shall be excluded from the calculation.

Article 9 (Investment Limits)

For the Company and each of its subsidiaries:

- The total amount of non-business-use real property purchased individually by each company shall not exceed forty percent (40%) of its paid-in capital.
- The total amount of investments in securities made individually by each company shall not exceed eighty percent (80%) of its net worth as stated in its most recent CPA-audited financial statements.
- The amount invested in any individual security shall not exceed forty percent (40%) of its net worth as stated in its most recent CPA-audited financial statements.

For any company that has **not** exempted itself from the restrictions on reinvestment under Article 13 of the Company Act, the total amount of its investments as a limited liability shareholder of other companies shall not exceed forty percent (40%) of its paid-in capital.

Article 10 (Control over Acquisition or Disposal of Assets by Subsidiaries)

Control over the acquisition or disposal of assets by the Company's subsidiaries shall be as follows:

1. Each subsidiary of the Company shall establish and implement its own "Procedures for Acquisition or Disposal of Assets" in accordance with FSC regulations. Such procedures shall be approved by its board of directors, delivered to each supervisor (or the Audit Committee), and submitted to the shareholders' meeting for approval; the same shall apply to any amendments.
2. Each subsidiary's acquisition or disposal of assets shall be conducted in accordance with its own internal control system and its "Procedures for Acquisition or Disposal of Assets." For any single transaction, or cumulative transactions of the same nature within one month, with an amount reaching NT$10 million or more, as well as the status of derivative transactions as of the end of the previous month, the subsidiary shall compile a written summary and report to the Company by the fifth (5th) day of each month. The Company's audit unit shall include the subsidiaries' acquisition or disposal of assets as one of its audit items, and the audit results shall be reported to the Board of Directors and the Audit Committee as a required part of audit reporting.

3. If a subsidiary of the Company is not a publicly issued company and its acquisition or disposal of assets reaches the threshold for public disclosure and filing, the subsidiary shall notify the Company on the date of occurrence. The Company shall then make the required public disclosure and filing on the FSC-designated website in accordance with applicable regulations.

For subsidiaries referred to in the preceding paragraph, when applying the standards set forth in Paragraph 1 of Article 7 regarding the thresholds based on paid-in capital or total assets, such thresholds shall be determined with reference to the Company's paid-in capital or total assets.

Article 11 (Penalties)

In the event that the personnel responsible for the Company's acquisition or disposal of assets violate the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the FSC, or these Procedures, disciplinary actions shall be taken in accordance with the severity of the violation as follows. Records of such violations shall be included as a reference for the individual's annual performance evaluation.

1. Violation of approval authority: A first violation shall result in a verbal warning; a repeat violation shall result in a written warning; and repeated or serious violations shall result in reassignment.
2. Violation of evaluation procedures: A first violation shall result in a verbal warning; a repeat violation shall result in a written warning; and repeated or serious violations shall result in reassignment.
3. Violation of public disclosure or filing requirements: A first violation shall result in a verbal warning; a repeat violation shall result in a written warning; and repeated or serious violations shall result in reassignment.
4. Supervisors of personnel in violation shall also be subject to disciplinary action unless a reasonable explanation is provided.
5. If the Board of Directors or any director violates relevant regulations or resolutions of the Shareholders' Meeting in the performance of duties, the Audit Committee shall, in accordance with Article 218-2 of the Company Act, notify the Board or the director to cease such conduct.

Chapter 2 Related-Party Transactions

Article 12 (Basis for Determination)

When the Company acquires or disposes of assets from or to a related party, it shall, in addition to following the prescribed resolution procedures and assessing the reasonableness of the transaction terms, obtain an appraisal report from a professional appraiser or an accountant's opinion if the transaction amount reaches ten percent (10%) or more of the Company's total assets.

The calculation of the transaction amount referred to in the preceding paragraph shall be conducted in accordance with Paragraph 2 of Article 8.

The determination of related parties shall be made in accordance with the International Financial Reporting Standards (IFRS), interpretations, and announcements recognized by the Financial Supervisory Commission (FSC), taking into account the substance of the relationship.

Article 13 (Resolution Procedures)

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 other assets (excluding real property or right-of-use assets) from or to a related party, and the transaction amount reaches twenty percent (20%) of the Company’s paid-in capital, ten percent (10%) of total assets, or NT$300 million or more, except for transactions involving domestic government bonds, repurchase or reverse repurchase bonds, or subscriptions to or redemptions of money market funds issued by domestic securities investment trust enterprises, the responsible unit shall submit the following information for approval by both the Audit Committee and the Board of Directors before executing the contract or making payment:

1. Purpose, necessity, and expected benefits of the acquisition or disposal of the asset.
2. Reasons for selecting the related party as the transaction counterparty.
3. Relevant data assessing the reasonableness of the intended transaction terms pursuant to Articles 14 and 15 for acquiring real property or its right-of-use assets from a related party.
4. The date and price at which the related party originally acquired the asset, the counterparty of that transaction, and the relationship between such counterparty, the Company, and the related party.
5. A monthly cash flow forecast for the following year beginning from the anticipated contract month, along with an assessment of the necessity of the transaction and the reasonableness of fund utilization.
6. The appraisal report issued by a professional appraiser or the accountant’s opinion obtained in accordance with the preceding Article.
7. Restrictions and other significant terms and conditions of the transaction.

For the following transactions between the Company and its subsidiaries, or between subsidiaries in which the Company directly or indirectly holds one hundred percent (100%) of the issued shares or total capital, the Board of Directors authorizes the Chairperson to make decisions for transactions up to NT$300 million, subject to ratification by the next Board meeting:

1. Acquisition or disposal of equipment or right-of-use assets for business use.
2. Acquisition or disposal of real property right-of-use assets for business use.

Where the Company or its non-publicly listed subsidiary engages in a transaction described in the first paragraph and the transaction amount reaches ten percent (10%) or more of the Company’s total assets, the Company shall submit all items specified in the first paragraph to the Shareholders’ Meeting for approval prior to executing the contract and making payment.
However, this requirement does not apply to transactions between the Company and its subsidiaries, or between such subsidiaries.

The calculation of the transaction amounts referred to in the preceding two paragraphs shall be conducted in accordance with Paragraph 2 of Article 7.
The term “within one year” shall be calculated retrospectively from the date of occurrence of the current transaction, and portions that have already been approved by the Shareholders’ Meeting, the Audit Committee, and the Board of Directors in accordance with these Procedures shall be excluded from the calculation.

Article 14 (Assessment of Reasonableness of Transaction Terms)

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 transaction price agreed with the related party, plus necessary interest on funds and other costs legally borne by the buyer. The necessary interest cost shall be calculated using the Company's weighted average borrowing rate for the year in which the asset is purchased, provided that it shall not exceed the highest lending rate for non-financial enterprises announced by the Ministry of Finance.
2. Where the related party has mortgaged the subject property to a financial institution for a loan, the total loan value assessed by the financial institution may be used as a reference, provided that the actual cumulative loan disbursed by the financial institution amounts to at least seventy percent (70%) of the assessed total loan value, and the loan period has exceeded one (1) year. This provision does not apply where the financial institution and either party to the transaction are related parties.

Where the Company simultaneously purchases or leases both land and buildings of the same property, the transaction cost for land and buildings may be assessed separately using either of the methods specified in the preceding paragraphs.

When the Company acquires real property or its right-of-use assets from a related party and has assessed the cost in accordance with the preceding two paragraphs, the Company shall also engage an accountant to review and provide a specific opinion on the assessment.

Under any of the following circumstances, the preceding three paragraphs shall not apply, and the procedures set forth in the preceding Article shall instead be followed:

1. The related party acquired the real property or its right-of-use assets through inheritance or donation.
2. The date on which the related party acquired the real property or its right-of-use assets under contract is more than five (5) years prior to the date of this transaction.
3. The transaction involves a joint construction contract with a related party, or the acquisition of real property through self-commissioned or leased-land commissioned construction by a related party.
4. The acquisition of real property right-of-use assets for business use between the Company and its subsidiaries, or between subsidiaries in which the Company directly or indirectly holds one hundred percent (100%) of the issued shares or total capital.

Article 15 (Actions Required Where Calculated Transaction Cost Is Lower than Transaction Price)

Where the transaction cost assessed in accordance with the preceding Article is lower than the transaction price, unless one of the following circumstances applies and objective evidence is provided together with specific opinions from both a professional real estate appraiser and an accountant on the reasonableness of the transaction, the Company shall handle the matter in accordance with Paragraph 3 of this Article.

1. Where the related party acquired undeveloped land or leased land for new construction and can substantiate compliance with one of the following conditions:
   （１）The cost of the land, when assessed using the methods set forth in the preceding Article, together with the construction cost of the building plus a reasonable construction profit, exceeds the actual transaction price. The term "reasonable construction profit" shall mean the lower of (i) the average gross profit margin of the related party's construction division over the most recent three (3) years or (ii) the most recent gross profit margin for the construction industry published by the Ministry of Finance.

（２）Other transactions involving the same property (different floors) or comparable properties in nearby areas concluded within one (1) year with unrelated parties, where the floor area is similar and, after adjustment for reasonable price differentials in floor level or location in line with real estate sale or lease practices, the transaction terms are comparable.

2. The Company can provide evidence that the terms of its purchase or lease of real property or right-of-use assets from a related party are comparable to other unrelated-party transactions of similar properties within one (1) year in the nearby area and of similar floor area.

In the preceding paragraph, "transactions in nearby areas" shall, in principle, refer to those within the same or adjacent blocks and within a radius of 500 meters from the subject property, or those with similar publicly announced current values.
"Similar floor area" shall, in principle, mean that the area of the unrelated-party transaction case is not less than fifty percent (50%) of the subject property's floor area.
The term "within one year" shall be calculated retrospectively from the date of occurrence of the Company's acquisition of the real property or its right-of-use assets.

If the transaction cost assessed pursuant to the preceding Article for the acquisition of real property or its right-of-use assets from a related party is lower than the transaction price, and none of the circumstances set forth in Paragraph 1 of this Article apply, the Company shall take the following actions:

1. The difference between the transaction price and the assessed cost of the real property or its right-of-use assets shall be appropriated as a special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act. This reserve shall not be distributed or capitalized into stock dividends.
   The special reserve may be released only after the high-priced purchased or leased assets have been recognized as impairment losses, disposed of, had the lease terminated, or after appropriate compensation or restoration has been made, or other evidence demonstrates that the transaction is not unreasonable, and upon approval by the FSC.
2. The Audit Committee shall handle the matter in accordance with Article 218 of the Company Act.
3. The handling of items described in Subparagraphs 1 and 2 shall be reported to the Shareholders' Meeting, and the details of the transaction shall be disclosed in the annual report and prospectus.

Chapter 3 Control over Derivative Transactions

Article 16 (Trading Principles and Guidelines)

1. Types of transactions: The Company may engage in derivative transactions including forward contracts, options, interest rate and currency swaps, futures, and structured contracts composed of the foregoing instruments. Any other types of derivative transactions may be undertaken only upon approval by a resolution of the Board of Directors.

2. Operating or hedging strategies: The Company's derivative transactions are categorized into hedging transactions (for risk avoidance) and non-hedging transactions (for trading purposes).
   The primary objective of such transactions shall be to mitigate operational risks, with product selection focusing mainly on hedging risks arising from the Company's foreign exchange income, expenditures, assets, or liabilities in the course of business.
   Where objective market conditions warrant, the Company may engage in non-hedging derivative transactions at an appropriate time to increase non-operating income or reduce non-operating losses.
   Furthermore, the Company shall, as far as possible, select financial institutions that have established business relationships with it as trading counterparties to avoid credit risk.
   Prior to any transaction, the nature of the transaction—whether for hedging purposes or for investment return—must be clearly defined as the accounting basis for recording.

3. Transaction limits:
   （１）**Hedging transactions:** The maximum hedging position shall be limited to the net foreign exchange position after consolidation of assets and liabilities (including forecasted net positions).
   （２）**Non-hedging transactions:** The notional amount shall not exceed USD 5 million. Prior to execution, the trader shall prepare a foreign exchange trend analysis report, including market outlook and proposed trading strategies. Such transactions may only be executed upon approval.

4. Aggregate and individual contract loss limits:
   After establishing positions, stop-loss levels shall be set to prevent excessive losses. Each stop-loss limit shall not exceed ten percent (10%) of the contract amount, and the total accumulated annual loss shall not exceed USD 300,000.

5. Division of responsibilities:
   （１）Traders: Personnel responsible for executing derivative transactions, as designated by the Chairperson.
   They are responsible for formulating trading strategies within the scope of authorization, executing trade orders, disclosing potential trading risks, and providing timely information to relevant departments for reference.
   （２）Finance and Accounting Department: Responsible for confirming and settling transactions, maintaining transaction records, recording transactions in accordance with relevant regulations, and disclosing derivative transaction information in the financial statements.
   （３）Evaluation personnel: Responsible for conducting periodic fair market value assessments of held positions and providing the results to the designated trading personnel.
   Personnel engaging in derivative transactions shall not concurrently perform confirmation or settlement operations, and shall not belong to the same department as those responsible for risk measurement, supervision, or control.

6. Performance evaluation principles:

（1） Hedging transactions: Performance shall be evaluated based on the gains or losses arising from derivative transactions in comparison with the Company's recorded foreign exchange (or interest rate) costs.
Evaluations shall be conducted at least twice per month, and the results shall be reported to management for reference.

（2） Non-hedging transactions: Performance shall be evaluated based on the actual realized gains or losses.
Evaluations shall be conducted at least once per week, and the results shall be reported to management for reference.

Article 17 (Risk Management Measures)

The scope of risks involved in the Company's derivative transactions and the corresponding risk management measures are as follows:

1. Credit risk considerations: Counterparties shall, in principle, be reputable financial institutions and futures brokers that have business relationships with the Company and can provide professional market information.
2. Market risk considerations: Since derivative instruments may incur uncertain losses due to future market price fluctuations, established positions shall strictly observe pre-set stop-loss limits.
3. Liquidity risk considerations: To ensure the liquidity of derivative instruments, trading counterparties must possess adequate facilities, information systems, and trading capabilities to operate in any market.
4. Operational risk considerations: All transactions must strictly comply with authorization limits and operational procedures to avoid operational risks.
5. Legal risk considerations: Contracts signed with financial institutions should, wherever possible, adopt internationally standardized documentation to avoid legal risks.
6. Product risk considerations: Internal traders shall possess comprehensive and accurate professional knowledge of the derivative products they trade to prevent losses resulting from misuse.
7. Cash settlement risk considerations: Authorized trading personnel shall strictly observe authorized limits and monitor the Company's cash flow to ensure sufficient funds for settlement.
8. Trading personnel and personnel responsible for confirmation or settlement shall not hold concurrent positions.
9. Confirmation personnel shall regularly reconcile or confirm transactions with counterparty banks and continuously verify whether total transaction amounts exceed the limits specified in these Procedures.
10. Personnel responsible for risk measurement, supervision, and control shall belong to departments independent of the trading units, and shall report directly to the Board of Directors or to senior executives who are not responsible for trading position decisions.
11. Held positions shall be evaluated at least once per week. However, for hedging transactions conducted for operational needs, evaluations shall be performed at least twice per month.
    Evaluation reports shall be submitted to a senior executive authorized by the Board of Directors (who shall not belong to the executing department).

Article 18 (Internal Audit)

The Company's internal auditors shall periodically review the adequacy of the internal controls related to derivative transactions and conduct monthly audits of the compliance of the trading department's operational procedures for derivative transactions.

An audit report shall be prepared for each audit. If any material violation is discovered, the auditors shall immediately report to the Chairperson and the senior executive designated by the Board of Directors, and shall also notify the Audit Committee in writing.

Article 19 (Periodic Evaluation and Handling of Irregularities)

1. Derivative transactions shall be evaluated on a monthly or weekly basis. The monthly or weekly gains or losses and the outstanding positions from non-hedging transactions shall be compiled and submitted to the senior executive authorized by the Board of Directors and to the Chairperson as references for performance evaluation and risk assessment.
2. The senior executive designated by the Board of Directors shall continuously monitor and control the risks associated with derivative transactions. The Board of Directors shall evaluate whether the performance of such transactions aligns with the established business strategies and whether the associated risks remain within the Company's acceptable tolerance.
3. The senior executive authorized by the Board of Directors shall manage derivative transactions in accordance with the following principles:
   （１）Regularly evaluate the adequacy of the risk management measures currently in use and ensure compliance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" issued by the FSC and with these Procedures.
   （２）Monitor trading activities and profit/loss conditions, and if any irregularities are identified, take necessary countermeasures and immediately report to the Board of Directors.
4. The Company shall maintain a register for derivative transactions, which shall record in detail the types and amounts of derivative transactions, the dates of Board approval, monthly or weekly evaluation reports, and the regular evaluations conducted by the Board of Directors and the senior executive authorized by the Board.

Chapter 4 Mergers, Demergers, Acquisitions, or Share Transfers

Article 20 (Evaluation Procedures)

When the Company conducts a merger, demerger, acquisition, or share transfer, it shall, prior to the Board of Directors' resolution, engage a certified public accountant, attorney, or securities underwriter 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, where the Company merges with a subsidiary in which it directly or indirectly holds one hundred percent (100%) of the issued shares or total capital, or where such wholly owned subsidiaries merge with each other, an expert opinion on reasonableness may be exempted.

Article 21 (Resolution Procedures)

When conducting a merger, demerger, or acquisition, the Company shall prepare a public document for shareholders before the convening of the Shareholders' Meeting, setting out the key terms and relevant matters of the proposed transaction.
This document, together with the expert opinion obtained pursuant to the preceding Article and the notice of the Shareholders' Meeting, shall be distributed to shareholders as a reference for determining whether to approve the proposed merger, demerger, or acquisition.
However, this requirement does not apply where the merger, demerger, or acquisition may be effected without a resolution of the Shareholders' Meeting in accordance with other applicable laws.

If any of the participating companies in a merger, demerger, or acquisition is unable to convene or adopt a resolution at its Shareholders' Meeting due to insufficient quorum, voting rights, or other legal restrictions, or if the proposal is rejected by the Shareholders' Meeting, the Company shall immediately make a public announcement explaining the cause of such event, subsequent handling procedures, and the expected date of the next Shareholders' Meeting.

Unless otherwise provided by law or approved in advance by the Financial Supervisory Commission (FSC) due to special circumstances, the Company and the other participating companies shall convene their respective Board of Directors and Shareholders' Meetings on the same day to resolve matters related to the merger, demerger, or acquisition.
In the case of a share transfer, the Company and the other participating companies shall convene their respective Board of Directors meetings on the same day.

Listed companies or companies whose shares are traded on the business premises of securities firms that participate in a merger, demerger, acquisition, or share transfer shall prepare complete written records containing the following information and retain them for five (5) years for inspection:

1. Basic information of personnel: Including the title, name, and national identification number (or passport number for foreigners) of all persons who participated in the merger, demerger, acquisition, or share transfer plan or its execution prior to public disclosure.
2. Dates of significant events: Including the dates of signing letters of intent or memoranda of understanding, engaging financial or legal advisors, executing contracts, and convening Board meetings.
3. Key documents and minutes: Including the merger, demerger, acquisition, or share transfer plan, letters of intent or memoranda of understanding, material contracts, and minutes of Board meetings.

A listed company or a company whose shares are traded on the business premises of securities firms participating in a merger, demerger, acquisition, or share transfer shall, within two (2) days (inclusive) from the date of the Board of Directors' resolution, file the information referred to in Subparagraphs 1 and 2 above in the prescribed format through the Internet information reporting system for recordation.

Where a company participating in a merger, demerger, acquisition, or share transfer is not a listed company or a company whose shares are traded on the business premises of securities firms, the listed company or such traded company shall enter into an agreement with that non-listed company and comply with the preceding two paragraphs.

Article 22 (Share Exchange Ratio and Acquisition Price)

The share exchange ratio or acquisition price for mergers, demergers, acquisitions, or share transfers shall not be altered arbitrarily except under any of the following circumstances:

1. Where a cash capital increase, issuance of convertible bonds, stock dividend distribution, issuance of corporate bonds with warrants, preferred shares with warrants, subscription warrants, or other equity-type securities is conducted.
2. Where there is a disposal of material company assets or other actions that may affect the Company's financial or business status.
3. Where major disasters, significant technological changes, or other events occur that may affect shareholders' equity or the market price of the securities.
4. Where any of the companies participating in the merger, demerger, acquisition, or share transfer repurchases its own treasury shares in accordance with law, necessitating an adjustment.
5. Where there is any change in the entities or number of companies participating in the merger, demerger, acquisition, or share transfer.

Article 23 (Matters to Be Specified in the Contract)

When the Company participates in a merger, demerger, acquisition, or share transfer, the contract shall specify the rights and obligations of the participating companies, the circumstances under which the share exchange ratio or acquisition price may be changed as referred to in the preceding Article, and shall include the following matters:

1. Handling of breaches of contract.
2. Principles for handling the equity-type securities previously issued or treasury shares already repurchased by companies that are to be dissolved in a merger or demerged.
3. The number of treasury shares that may be repurchased by participating companies after the base date for calculating the share exchange ratio, and the principles for their handling.
4. Methods for handling any changes in the entities or number of participating companies.
5. The expected implementation schedule and completion timeline of the plan.
6. Procedures for handling cases where the plan is not completed by the scheduled deadline, including the expected date for convening a Shareholders' Meeting in accordance with applicable laws and regulations.

Article 24 (Other Matters Requiring Attention)

When the Company participates in a merger, demerger, acquisition, or share transfer, it shall also observe the following matters:

1. Any person participating in or having knowledge of the merger, demerger, acquisition, or share transfer shall sign a written confidentiality undertaking, under which, prior to public disclosure of the information, such person shall not disclose the contents of the plan to any third party, nor shall such person, in their own name or through another's name, buy or sell the shares or other equity-type securities of any companies involved.

2. After information regarding a merger, demerger, acquisition, or share transfer has been publicly disclosed, if the Company intends to conduct another merger, demerger, acquisition, or share transfer with another company, a new resolution of the Shareholders' Meeting shall be required for any procedures or legal actions already completed in the original case, except where (i) the number of participating entities is reduced, and (ii) the Shareholders' Meeting has authorized the Board of Directors to make such changes.

3. If any company participating in a merger, demerger, acquisition, or share transfer is not a public company, the Company shall enter into an agreement with such non-public company and handle the matter in accordance with Article 21 of these Procedures and the preceding two subparagraphs.

Chapter 5 Other Important Matters

Article 25 (Document Retention)

When the Company acquires or disposes of assets, it shall retain at its office all relevant contracts, meeting minutes, registers, appraisal reports, and opinions issued by certified public accountants, attorneys, or securities underwriters.
Unless otherwise provided by law, such documents shall be kept for at least five (5) years.

Article 26 (Prohibition Relating to Related Parties)

The professional appraisers and their personnel, certified public accountants, attorneys, or securities underwriters engaged by the Company to issue appraisal reports or professional opinions shall comply with the following requirements:

1. They must not have been convicted, by a final judgment, of violating the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Accounting Act, or of committing fraud, breach of trust, embezzlement, forgery, or other business-related crimes resulting in a prison sentence of one year or more.
   However, this restriction shall not apply if more than three (3) years have elapsed since completion of the sentence, expiration of the probation period, or the granting of a pardon.
2. They must not be related parties of the transaction counterparty or have any substantive relationship therewith.
3. Where the Company is required to obtain appraisal reports from two or more professional appraisers, such appraisers or their personnel must not be related parties to each other or have any substantive relationship.

When issuing appraisal reports or opinions, the personnel referred to in the preceding paragraph shall comply with the self-regulatory guidelines of their respective professional associations and observe the following:

1. Prior to accepting an engagement, they shall prudently evaluate their professional competence, practical experience, and independence.
2. During the engagement, they shall properly plan and implement appropriate procedures to form conclusions serving as the basis for their report or opinion, and shall record in detail all procedures performed, data collected, and conclusions reached in the working papers.

3. The appropriateness and reasonableness of the data sources, parameters, and information used shall be individually evaluated as the basis for preparing the appraisal report or professional opinion.

4. The declaration shall include statements affirming that the personnel involved possess professional competence and independence, that the information used has been evaluated as appropriate and reasonable, and that all relevant laws and regulations have been complied with.

Article 27 (Record of Directors' Dissenting Opinions)

For any acquisition or disposal of assets that requires approval by the Board of Directors under these Procedures or other applicable laws, the Company shall give full consideration to the opinions of the independent directors.
If any independent director expresses an objection or reservation, such opinion shall be recorded in the minutes of the Board meeting.

Matters requiring the consent of the Audit Committee under the preceding paragraph shall first be approved by at least one-half (½) of all Audit Committee members and then submitted to the Board of Directors for resolution.
If such consent is not obtained, the matter may be approved by at least two-thirds (⅔) of all directors, and the resolution of the Audit Committee shall be stated in the minutes of the Board meeting.

The term "all Audit Committee members" and "all directors" as used in this Article refers to those actually in office.

Article 28 (Supplementary Provisions)

1. For the purpose of calculating the ten percent (10%) threshold of total assets as referred to in these Procedures, the amount shall be based on the total assets stated in the most recent individual or separate financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. Where the Company's shares have no par value or a par value other than NT$10 per share, the twenty percent (20%) of paid-in capital threshold prescribed in these Procedures shall be calculated as ten percent (10%) of equity attributable to owners of the parent company.
3. These Procedures shall be implemented upon approval by the Audit Committee, resolution of the Board of Directors, and approval by the Shareholders' Meeting.
   The same shall apply to any amendments hereto.
   If any director expresses dissenting opinions, either verbally recorded or in writing, such opinions and the reasons therefor shall be included in the minutes of the meeting.