

Eastern Media International Corporation Procedures for the Acquisition or Disposal of Assets

Amended on May 30,2023

Chapter I General Provisions

Article 1 These Procedures are based on the relevant procedural guidelines announced by the securities authority.

Article 2 When the Company acquires or disposes of assets, it should be handled in accordance with the provisions of these Procedures. However, if other laws provide otherwise, such regulations should be followed.

Article 3 The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right of use assets
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4 The terms used in these Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or

acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign

competent authority and that is permitted to conduct securities business.

10. Net value of the most recent financial statements: Refers to the net value of a company's self-prepared consolidated financial statements (i.e. the net value of financial statements as of monthly settlement or the net value of the financial statements on the day of capital increase or decrease in the current month) and used to calculate the investment limit.

Article 5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-discipline standards of the Company's associations and the following:

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

4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Chapter II Disposition Procedures

Section 1 Establishment of Disposition Procedures

Article 6 The Company has established these Procedures for the Acquisition or Disposal of Assets, and they shall be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution; and they shall be implemented after submission to the shareholders meeting for approval. The same shall apply for amendments.

During the Board discussion, the Board of Directors shall take into full consideration each independent director's opinions and include their clear opinions of agreement or opposition and the reasons for their opposition in the Board of Directors records. If an independent director objects to or expresses reservations about any matter, the Company shall send these objections to each independent director and report it to the shareholders meeting for discussion.

If approval of one-half or more of all Audit Committee members is not obtained, it may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

The terms "all Audit Committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 7 The Company shall specify the following items in its procedures for the acquisition or disposal of assets:

1. Appraisal procedures:

The relevant operating procedures for the acquisition or disposal of assets are handled in accordance with the Company's internal control system and the relevant regulations of the division of work matters.

2. Core decision procedures:

- (1) The Chairman of the Board of Directors shall be authorized to deal with securities acquired or disposed of in the centralized trading market or the business premises of securities firms or other open markets. If the securities transaction balance reaches 20% of the Company's capital, it is subject to approval by the Audit Committee and then submitted to the Board of Directors for approval.

- (2) For securities that are not acquired or disposed of in the centralized market or the business premises of securities

- firms or other open markets, the accumulated transaction amount of a single security within one year within NTD 30 million shall be carried out by the responsible department after approval in writing by the Chairman of the Board. If it exceeds NTD 30 million, it shall be approved by the Audit Committee and submitted to the Board of Directors for approval.
- (3) When acquiring or disposing of real estate, the Chairman of the Board shall designate the relevant authority and responsible department to consider the appraisal results and negotiate the transaction price through bidding, price comparison or bargaining. With the approval of the Audit Committee, it shall be submitted to the Board of Directors after the resolution is passed. If the amount exceeds 10% of the capital of the Company, it shall be reported to the shareholders meeting.
 - (4) For the acquisition or disposal of memberships or intangible assets, the transaction amount of a single item within NTD 30 million shall be carried out by the responsible department after approval in writing by the Chairman of the Board. If it exceeds NTD 30 million, it shall be approved by the Audit Committee and submitted to the Board of Directors for approval.
 - (5) For acquisition or disposal of right-of-use assets and other fixed assets, it shall be done by means of bidding, price comparison or negotiation, etc. When the transaction amount of a single item is within NTD 30 million it shall be done according to the Company's approval authority. If it exceeds NTD 30 million, it shall be approved by the Audit Committee and submitted to the Board of Directors for approval.
 - (6) When the Company acquires or disposes of assets, The above (2) to (5) shall require the approval of the Audit Committee, if approval of one-half or more of all Audit Committee members is not obtained, it may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
3. Public announcement and regulatory filing procedures:
If the transaction amount of assets acquired or disposed of by the Company reaches the standard set by the securities authority, the performance unit shall input the announcement data into the Internet reporting system within the time limit set by the securities authority from the date of occurrence.

The Company's related party transactions, derivative transactions, business mergers, divisions, acquisitions or share transfers shall be handled in accordance with the procedures in Sections 3 to 5 of this chapter, in addition to the provisions of the preceding paragraph.

Section 2 Acquisition or Disposal of Assets

Article 8 Requirements for total amounts of real property and right-of-use assets thereof not for business use and limits on individual securities:

1. The total amount of real estate and its right to use assets acquired by the Company that are not for business use shall not exceed 30% of the Company's net value of its most recent financial statements. The total amount of real estate and its right to use assets acquired by each subsidiary for non-business use shall not exceed 30% of the net value of its most recent financial statements.
2. The total amount of securities invested by the Company shall not exceed 300% of the net value of the Company's most recent financial statements. The investment limit for a single marketable security shall not exceed 100% of the net value of the Company's most recent financial statements.
3. The limits for each subsidiary to invest in securities shall follow the following regulations:
 - (1) The total amount of individual investment securities of each subsidiary shall not exceed 300% of the net value of the Company's most recent financial statements or 10% of the net value of the Company's most recent financial statements, whichever is higher.
 - (2) The limit for each subsidiary's individual investment in a single marketable security shall not exceed 300% of the net value of the Company's most recent financial statements or 10% of the Company's most recent financial statements, whichever is higher.
4. In the provisions of the preceding paragraphs concerning the limits of investments in securities by subsidiaries, when the total amount of individual investment securities of each subsidiary or the amount of individual investment of a single securities reaches 300% of the Company's net worth, the excess investment shall be submitted to the Company's Board of Directors for resolution before being handled.

Article 9 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NTD 300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land,

or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

Term definitions:

Limited price: Refers to marketable real estate, and the value formed under the premise of the purpose of merging other rights and ownership other than the ownership of real property, or the division of real property that is against economic rationality.

Specified price: Refers to marketable real estate based on the value formed under specific conditions.

Special price: Refers to the estimated value of non-marketable real estate.

2. Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current

value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the certified public accountant's opinion under Subparagraph 3 of the preceding paragraph shall be obtained within 2 weeks counting inclusively from the receipt of the report.

Article 10 When the Company acquires or disposes of securities it shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NTD 300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the securities authority.

Article 11 Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NTD 300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.

Article 12 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 13 When the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court

may be substituted for the appraisal report or CPA opinion.

Section 3 Related Party Transactions

Article 14 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12 herein.

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

Article 15 When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NTD 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until after the following matters have gained the approval of the Audit Committee and the approval of the Board of Directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Chairman of the Board shall be authorized to make a decision first within a limit of NTD 30 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

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

When a matter is submitted for discussion by the Board of Directors pursuant to Paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

When the Company or its subsidiaries that are not public companies in Taiwan involve in a transaction mentioned in Paragraph 1 and the transaction amount exceeds 10% of the total capital held by the Company, the Company shall report all information specified in Paragraph 1 to the shareholders meeting for approval, and may only proceed to the signing of contracts or payments only after approval. However, the above shall not be subject to transactions between the Company, its parent company and subsidiaries, or between its subsidiaries.

The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with Article 31, Paragraph 2 herein, and within the preceding year as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed to by the shareholders' meeting and the Audit Committee and approved by the Board of Directors need not be counted toward the transaction amount.

Article 16 When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the

maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
3. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
4. When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

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

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

Article 17 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a

professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. When the Company, in acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 18 When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with the Securities and Exchange Act and may not be distributed or used

for capital increase or issuance of bonus shares. When the Company uses the equity method to account for its investment in another company, then the special reserve called for under the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. Independent Directors of the Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

A public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the securities authority has given its consent.

When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Section 4 Engaging in Derivatives Trading

Article 19 The trading principles and guidelines for the Company to engage in derivatives transactions:

1. Purpose of transaction:
 - (1) Non-trading-oriented: refers to derivatives that avoid the risks of changes in existing assets or liabilities, expected transactions or fixed commitments, such as interest rates, exchange rates, and prices (hedging).
 - (2) Trading-oriented: refers to derivatives that earn interest rate, exchange rate and price differences (non-hedging).
2. Types of derivative transactions that may be traded:
 - (1) These Procedures are applicable to any transaction contract whose commodity value is derived from commodities such as assets, interest rates, exchange rates, indices or other interests (such as forward contracts, options, futures, exchanges, and compound contracts formed by combining the above commodities, etc.).
 - (2) Bond margin trading.
3. Operations or hedging strategies: The performance unit proposes an execution plan based on the market outlook and meets the

Company's operational needs. After the financial investment team has reviewed it, it is reported to the chairman for approval, and reviewed and revised at any time.

4. Performance unit:
 - (1) In order to ensure the decision-making quality and implementation effectiveness of various derivative transactions, the chairman shall authorize the General Manager to convene relevant personnel to set up a financial investment team to be responsible for the evaluation and review of various derivative transaction plans.
 - (2) Derivative transactions shall be planned by various business departments, reviewed by the financial investment team and approved by the Chairman of the Board, and approved by more than half of all members of the Audit Committee, and implemented after being submitted to the Board of Directors for approval.
5. Segregation of duties:
 - (1) Within the scope of the approved execution plan, the financial investment team shall authorize the head of the transaction execution department to verify the execution of the transaction in accordance with the group's authorization and approval authority.
 - (2) The transaction execution department shall periodically submit a report to the financial investment team and submit it to the Chairman of the Board for approval after review.
 - (3) The financial investment team must always pay attention to the supervision and control of derivative transaction risks.
 - (4) The audit unit shall regularly check whether the operation of each transaction complies with the requirements of these Procedures.
 - (5) The financial investment team shall report to the Chairman of the Board and the Board of Directors immediately when a major abnormality occurs in operations or transactions and take necessary countermeasures.
6. Essentials of performance evaluation:
 - (1) Regularly assess and confirm whether the actual profit or loss is within the scope of the original approved evaluation plan.
 - (2) Regularly assess and confirm whether the actual profit or loss rate is within the originally approved range.
 - (3) Regularly evaluate and confirm whether to adjust the profit and stop loss point settings in accordance with market dynamics.
 - (4) The General Manager may, if necessary, make a proposal to

reward members of the investment team when the performance of the derivative trading operations is better than the scheduled target, and report to the chairman for approval.

7. Total contract amount: The total amount of derivative contracts shall not exceed 100% of the Company's current capital.
 - (1) The total amount of derivative contracts for the purpose of hedging transactions shall not exceed 100% of the Company's current capital.
 - (2) The total amount of derivative contracts for the purpose of non-hedging transactions shall not exceed 100% of the Company's current capital.
8. Maximum loss limits:

The total losses of all derivatives contracts for the current year shall not exceed 20% of the Company's current capital. The losses of individual derivative contracts shall not exceed 20% of the transaction amount of individual contracts.

Article 20 Internal control and risk management measures.

1. Internal Control

- (1) Transaction personnel and confirmation and delivery personnel shall not serve concurrently.
- (2) Records shall be kept of each transaction and used to verify transaction details.
- (3) The trader should record each transaction in the transaction ledger, and in addition to sending it to the accounting office for confirmation and entry, it should be recorded in the total list of open positions and archived for future reference.
- (4) Weekly/monthly statements of holding positions and monthly statements of transaction records should be prepared regularly.
- (5) Accountants should regularly check accounts with correspondent banks or brokers.
- (6) Accountants should check whether the total transaction amount exceeds the authorized amount.
- (7) The holding position of derivatives should be assessed once a week (hedging once every two weeks), and should be submitted to the financial investment team and the chairman for review.
- (8) The Board of Directors shall authorize the chairman to supervise various investment operations of the financial investment team. The financial investment team should also regularly report on its performance to the Board of Directors.

2. Risk management measures: When engaging in derivative transactions, attention shall be continually paid to the management and control of the following risks.
 - (1) Credit risk management: refers to the possible losses that may occur when the transaction partner fails to fulfill the contract when the market conditions change substantially. (This risk should be assessed on the basis of replacement cost.). Transaction counterparties are limited to banks and brokers that have signed a transaction contract with the Company and can provide professional information and market conditions. (Credit risk may occur when the market moves in favor of oneself; otherwise this is considered as market risk)
 - (2) Market risk management: The fluctuation of the delivery price and market price, including whether the trend of interest rate, exchange rate and index is as expected, should be appropriately monitored.
 - (3) Liquidity risk management: involves rigorous cash flow management, including the amount and timing of future cash flows.
 - (4) Operational risk management: Employ professional operations personnel, and do it in accordance with operating procedures and rights and responsibilities, to avoid excessive trust in experience and professional knowledge; the audit unit should conduct inspections by correspondence or other means.
 - (5) Legal risk management: When traders conduct transactions with brokers or banks, complete records should be kept on file to clarify responsibility.

Article 21 Internal Audit System

1. Auditors should regularly understand the adequacy of the internal control of derivative transactions, and regularly check whether the transaction personnel have handled them in accordance with regulations. If a major violation is found, the Audit Committee shall be notified in writing.
2. Auditors should supervise transactions and profit and loss situations, and should report to the latest Board of Directors immediately when any abnormalities are found.
3. The internal audit plan and implementation results of the same year shall be reported to the securities authority before the end of February of the following year.

Article 22 When the Company engages in derivative transactions, it shall establish a log book. The types and amounts of derivative transactions, the date of approval by the Board of Directors, and other matters that

should be carefully evaluated shall be published in the log book for reference.

Section 5 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 23 When the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 24 When the Company participates in a merger, demerger, acquisition, or transfer of shares, it shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. However, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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

Article 25 When the Company participates in a merger, demerger, or acquisition, it shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the securities authority is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the securities authority is notified in advance of

extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

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

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

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

Article 26 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 27 When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and

shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

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

Article 28 The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 29 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased

and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 30 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and the preceding article.

Chapter III Public Disclosure of Information

Article 31 Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the securities authority's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NTD 300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (1) For a public company whose paid-in capital is less than NTD 10 billion, the transaction amount reaches NTD 500 million or more.
 - (2) For a public company whose paid-in capital is NTD 10 billion or more, the transaction amount reaches NTD 1 billion or more.
5. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NTD 500 million; among such cases, if the public company has paid-in

capital of NTD 10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NTD 1 billion or more.

6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NTD 500 million.
7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NTD 300 million. However, this shall not apply to the following circumstances:
 - (1) Trading of government bonds or foreign bonds with credit rating no less than the sovereign credit rating of Taiwan.
 - (2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded note, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - (3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real

property or right-of-use assets thereof within the same development project within the preceding year.

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the securities authority by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

Article 32 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the securities authority within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Chapter IV Additional Provisions

Article 33 The relevant authorities of the Company shall supervise the acquisition or disposal of assets by subsidiaries. If a subsidiary of the Company acquires or disposes of assets that require an announcement as in the previous chapter, it shall inform the parent company of the public offering before the date of the occurrence, and report the relevant

information to the parent company of the public offering on the date of the occurrence.

Article 34 Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company shall be reported by the Company.

The paid-in capital or total assets of the public parent company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 31, paragraph 1.

Article 35 For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case where the Company's shares have no par value or a par value other than NTD 10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NTD 10 billion, NTD 20 billion of equity attributable to owners of the parent shall be substituted.

Article 36 The penalties for relevant personnel who violate the Company's Procedures for the Acquisition or Disposal of Assets shall be handled in accordance with the relevant provisions of the Company's employee work rules.

Article 37 If there are matters not covered in these Procedures or otherwise stipulated by laws and regulations, they shall be handled in accordance with relevant laws and regulations and relevant Company rules.