



# Procedures for the Acquisition or Disposal of Assets

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## 1. General Provisions

### 1. Purpose

This procedure is established to safeguard assets and ensure transparency. Any matters not covered herein shall be handled in accordance with relevant laws and regulations.

### 2. Legal Basis

These procedures are established in accordance with the “Regulations Governing the Acquisition or Disposal of Assets by Publicly Traded Companies” (hereinafter referred to as the “Regulations”) promulgated by the Financial Supervisory Commission (hereinafter referred to as the “FSC”).

### 3. The scope of “assets” as used in these Procedures is as follows:

1. Securities: Investments including stocks, government bonds, corporate bonds, financial bonds, securities representing mutual funds, depositary receipts, call (put) warrants, beneficiary securities, and asset-backed securities.
2. Real estate (including land, buildings, and investment real estate) and equipment.
3. Membership cards.
4. Intangible assets: including patents, copyrights, trademarks, and licenses.
5. Right-of-use assets.
6. Derivative instruments.
7. Assets acquired or disposed of as a result of a legal merger, spin-off, acquisition, or transfer of shares.
8. Other significant assets.

### 4. The terms used in this procedure are defined as follows:

1. Derivative instruments: refer to forward contracts, option contracts, futures contracts, leveraged margin contracts, swap contracts, combinations of the aforementioned contracts, or structured products containing embedded derivatives, whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. The term “forward contract” excludes insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase or sale contracts.
2. Assets acquired or disposed of through a merger, demerger, acquisition, or share



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transfer pursuant to law: Refers to assets acquired or disposed of through a merger, demerger, or acquisition pursuant to the Business Combination Act, the Financial Holding Company Act, the Financial Institutions Merger Act, or other laws; or the transfer of shares in another company through the issuance of new shares pursuant to Article 156-3 of the Company Act (hereinafter referred to as “share transfer”).

3. Related Parties and Subsidiaries: Shall be determined in accordance with the provisions of 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 the appraisal of real estate or equipment.
5. Date of Occurrence: Refers to the earlier of the transaction signing date, payment date, commission settlement date, transfer date, date of the board of directors’ resolution , or any other date sufficient to determine the counterparty and transaction amount. However, for investments requiring approval from the competent authority, the earlier of the aforementioned dates or the date of receipt of approval from the competent authority shall prevail.
6. Investments in Mainland China: Refers to investments in Mainland China conducted in accordance with the Regulations Governing Permits for Investment or Technical Cooperation in Mainland China issued by the Investment Review Committee of the Ministry of Economic Affairs.
7. For the purposes of these procedures, “within one year” is calculated by looking back one year from the date on which the transaction to acquire or dispose of the assets actually occurred; any period that has already been publicly announced shall not be included in this calculation.
8. The term “most recent financial statements” as used in this procedure refers to the financial statements of the company that were audited or reviewed by a certified public accountant and publicly disclosed in accordance with the law prior to the acquisition or disposal of the assets.
9. All members of the Audit Committee: Calculated based on the members of the Audit Committee who are actually in office.
10. All directors: Calculated based on the directors actually in office.
11. “Securities exchange”: A domestic securities exchange refers to the Taiwan Stock Exchange Corporation; a foreign securities exchange refers to any organized securities trading market regulated by the securities regulatory



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authority of that country.

12. Securities firm business premises: For domestic securities firms, this refers to premises where transactions are conducted at counters specifically established by the securities firm in accordance with the Regulations Governing the Trading of Negotiable Securities at Securities Firm Business Premises; for foreign securities firms, this refers to the business premises of financial institutions that are regulated by the securities regulatory authority of the relevant country and are authorized to conduct securities business.

## 5. Restrictions on Professional Appraisers

With respect to valuation reports or opinions from certified public accountants, attorneys, or securities underwriters obtained by the Company, the professional appraiser and its valuation personnel, as well as the certified public accountants, attorneys, or securities underwriters, shall comply with the following requirements:

1. They must not have been convicted of a final judgment imposing a prison term of one year or more for violations of 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 for fraud, breach of trust, embezzlement, forgery of documents, or other criminal acts committed in the course of business. However, this restriction does not apply if three years have elapsed since the completion of the sentence, the expiration of a suspended sentence, or a pardon.
2. They must not be related parties or have a de facto relationship with the parties to the transaction.
3. If the Company is required to obtain valuation reports from two or more professional appraisers, the different professional appraisers or their appraisers shall not be related parties or have a material relationship with one another.

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

1. Before accepting a case, they shall carefully assess their own professional competence, practical experience, and independence.
2. When conducting a case, appropriate work procedures should be properly planned and executed to reach conclusions and issue reports or opinions based on those conclusions; the procedures performed, data collected, and conclusions reached should be accurately recorded in the case working papers.



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3. The appropriateness and reasonableness of the data sources, parameters, and information used shall be evaluated item by item to serve as the basis for issuing valuation reports or opinions.
4. The statement shall include matters such as the professionalism and independence of the relevant personnel, the assessment that the information used is appropriate and reasonable, and compliance with relevant laws and regulations.

## 2. Procedures

1. **Acquisition or Disposal of Real Estate, Equipment, or Assets with Rights of Use**
6. Valuation and Operational Procedures for the Acquisition or Disposal of Real Estate, Equipment, or Assets with Usufruct Rights

1. Operational and Valuation Procedures:

1. The Company's acquisition or disposal of real estate, equipment, or right-of-use assets shall be conducted in accordance with the "Real Estate, Plant, and Equipment Cycle Procedure" under the Company's internal control system.
2. Transaction Terms, Transaction Price, Authorization Limits, and Levels
  1. When acquiring or disposing of real estate, the Company shall determine the transaction terms and price by referring to the published current value, appraised value, and actual transaction prices of comparable properties. An analysis report shall be prepared and submitted to the Chairman. For amounts of NT\$20 million or less, approval must be sought from the Chairman, and the matter must be reported to the most recent Board of Directors meeting afterward; For amounts exceeding NT\$20 million, the transaction may only proceed after approval by the Board of Directors.
  2. For the acquisition or disposal of real property rights, except for transactions with domestic government agencies, the terms and price of the transaction shall be determined by reference to prevailing rental rates for neighboring properties, and an analytical report shall be prepared and submitted to the Chairman. For amounts of NT\$20 million or less, approval must be sought from the Chairman, and the matter must be reported to the next Board of Directors meeting; Transactions exceeding NT\$20 million must be approved by the Board of Directors before they



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may be carried out.

3. The acquisition or disposal of equipment or assets with rights of use shall be conducted through one of the following methods: requesting quotations, comparing prices, negotiating prices, or conducting a tender. The authorized amount shall be determined after submission for approval in accordance with the Table of Approval Authorities.
4. If the acquisition or disposal of assets requires a resolution, approval, or report to the shareholders' meeting pursuant to the Company Act or other applicable laws and regulations, such requirements must be complied with.

### 3. Implementing Units

The acquisition or disposal of real estate, equipment, or assets with usage rights by the Company shall be carried out by the using department and the Administration Department.

## 2. Obtaining Expert Opinions:

When the Company acquires or disposes of real estate, equipment, or assets with usage rights—except for transactions with domestic government agencies, construction commissioned on the Company's own land, construction commissioned on leased land, or the acquisition or disposal of equipment or assets with usage rights for business operations—if the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, a valuation report issued by a professional appraiser must be obtained prior to the date of the transaction and must comply with the following provisions:

1. Where, for special reasons, a fixed price, specific price, or special price must be used as the basis for the transaction price, such transaction must first be submitted to and approved by the Board of Directors; the same applies if the terms of the transaction are subsequently modified.
2. For transactions with a value of NT\$1 billion or more, valuations must be obtained from two or more professional appraisers.
3. If the valuation results from professional appraisers fall under any of the following circumstances—except where the valuation results for assets to be acquired are all higher than the transaction amount, or the valuation results for assets to be disposed of are all lower than the transaction amount—a certified public accountant must be engaged to provide a specific opinion on the reasons for the discrepancy and the



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appropriateness of the transaction price:

- 1、 The difference between the valuation results and the transaction amount is 20 percent or more of the transaction amount.
- 2、 Where the discrepancy between the valuation results of two or more professional appraisers amounts to 10 percent or more of the transaction amount.
4. The date of the report issued by the professional appraiser must not be more than three months prior to the date the contract was executed. However, if the same published present value for the relevant period is applied and the period has not exceeded six months, the original professional appraiser may issue a written opinion.

## 2. Acquisition or Disposal of Marketable Securities

### 7. Assessment and Operational Procedures for the Acquisition or Disposal of Securities

#### 1. Operational Procedures:

1. The acquisition or disposal of the Company's securities shall be conducted in accordance with the investment cycle procedures set forth in the Company's internal control system.
2. Transaction Terms, Transaction Prices, Authorization Limits, and Levels
  1. When the Company acquires or disposes of securities, it shall obtain the target company's most recent financial statements—audited or reviewed by a certified public accountant—or other relevant information prior to the transaction date. The executing unit shall conduct a relevant benefit analysis and assess potential investment risks to serve as a reference for determining the transaction price, and the matter shall be submitted for approval in accordance with the approval authority matrix.
  2. Pricing Method and Basis
    - (1) The acquisition or disposal of securities traded on a centralized exchange or the Over-the-Counter (OTC) Market shall be determined based on the prevailing stock or bond price at the time.
    - (2) The acquisition or disposal of securities not traded on a centralized exchange or the Over-the-Counter (OTC) Market shall be determined

by taking into account their net asset value per share, profitability, future growth potential, market interest rates, bond coupon rates, and the creditworthiness of the issuer, and shall be negotiated with reference to the most recent transaction price at the time.

### 3. Executing Unit

When the Company acquires or disposes of securities, the management unit shall be responsible for execution after submission for approval in accordance with the Table of Approval Authorities.

### 2. Obtaining Expert Opinions

When the Company acquires or disposes of securities and the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of the transaction, request a certified public accountant to express an opinion on the reasonableness of the transaction price. However, this requirement does not apply if the securities have active market quotations, if the Financial Supervisory Commission (FSC) has other provisions, or if the transaction meets the following conditions:

- 1、 A person who acquires securities through a cash contribution in connection with the incorporation or public offering of a company in accordance with the law, provided that the rights represented by the securities are commensurate with the proportion of the contribution.
- 2、 A person who participates in the subscription of securities issued at par value by the target company in connection with a cash capital increase conducted in accordance with relevant laws and regulations.
- 3、 Participation in the subscription of securities issued through a cash capital increase by an investment company in which the investor holds 100% of the equity, either directly or indirectly, or mutual participation in the subscription of securities issued through a cash capital increase among subsidiaries in which the investor holds 100% of the equity.
- 4、 Listed, over-the-counter (OTC), and emerging market securities traded on a securities exchange or at a securities firm's business premises.
- 5、 Domestic government bonds and bonds subject to repurchase or reverse repurchase agreements.
- 6、 Domestic and offshore publicly offered funds.
- 7、 Acquisition or disposal of shares of listed or over-the-counter companies

in accordance with the securities exchange's or the Taiwan Over-the-Counter Securities Market's (OTC) rules for the purchase of listed (OTC) securities or auction procedures.

- 8、 Participation in the subscription of shares in a cash capital increase of a domestic publicly issued company or the subscription of corporate bonds in Taiwan, provided that the securities acquired are not privately placed securities.
- 9、 Domestic private placement funds subscribed to prior to the fund's establishment, or domestic private placement funds subscribed to or repurchased, in accordance with Article 11, Paragraph 1 of the Securities Investment Trust and Advisory Act and the Financial Supervisory Commission's Order No. 1060038414 dated October 19, 106; provided that the investment strategy specified in the trust agreement excludes securities margin trading and positions in securities-related products that have not been offset, the investment scope is otherwise identical to that of a public fund.

## **Acquisition or Disposal of Membership Certificates or Intangible Assets**

8. Evaluation and Operational Procedures for the Acquisition or Disposal of Membership Certificates or Intangible Assets
  1. Procedures for Determining Transaction Terms and Authorized Limits
    1. For the acquisition or disposal of membership certificates, the transaction terms and price shall be determined with reference to fair market value; an analysis report shall be prepared and submitted to the General Manager. For amounts of NT\$3 million or less (inclusive), approval must be sought from the General Manager, and the matter must be reported to the Board of Directors for record at its next meeting; for amounts exceeding NT\$3 million, the transaction may only proceed after approval by the Board of Directors.
    2. When acquiring or disposing of intangible assets, transaction terms and prices shall be determined with reference to expert appraisal reports or fair market value, and an analytical report shall be prepared and submitted to the Chairman. For amounts of NT\$20 million or less (inclusive), approval must be sought from the Chairman, and the matter must be reported to the



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Board of Directors for record at its next meeting; For amounts exceeding NT\$20 million, the transaction must also be approved by the Board of Directors before it may be carried out.

## 2. Implementing Units

When the Company acquires or disposes of membership certificates or intangible assets, after obtaining approval in accordance with the decision-making authority specified in the preceding paragraph, the user department and the management department shall be responsible for execution.

## 3. Obtaining Expert Opinions

Where the transaction amount for the Company's acquisition or disposal of membership certificates or intangible assets reaches 20 percent of the Company's paid-in capital or NT\$300 million or more—except for transactions with domestic government agencies—the Company shall, prior to the date of the transaction, engage a certified public accountant to express an opinion on the reasonableness of the transaction price.

9. The calculation of the transaction amounts referred to in the preceding three articles shall be conducted in accordance with the provisions of Article 24, Paragraph 2 of this Procedure; furthermore, the term “one year” shall be calculated retroactively for one year from the date the transaction occurred, and any portions for which a valuation report issued by a professional appraiser or an opinion from a certified public accountant has already been obtained in accordance with regulations shall be excluded from the calculation.

10. Where the Company acquires or disposes of assets described in Articles 6 through 8 through court auction proceedings, the certification issued by the court may be used in lieu of a valuation report or a certified public accountant's opinion.

## **Related-Party Transactions**

### 11. Evaluation and Operational Procedures for Related-Party Transactions

#### 1. Procedures for Determining Transaction Terms and Authorization Limits

1. When the Company or a related party acquires or disposes of assets, in addition to complying with the relevant resolution procedures and assessing the reasonableness of the transaction terms as stipulated in the



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preceding three sections and this section, if the transaction amount reaches 10 percent or more of the Company's total assets, a valuation report issued by a professional appraiser or an opinion from a certified public accountant must also be obtained in accordance with the provisions of the preceding three sections.

The calculation of the aforementioned transaction amount shall be conducted in accordance with Article 9 of these procedures.

When determining whether a transaction counterparty is a related party, in addition to considering its legal form, the substantive relationship shall also be taken into account.

2. Where the Company acquires or disposes of real estate or assets with rights of use from a related party, or acquires or disposes of assets other than real estate or assets with rights of use with a related party, and the transaction amount reaches 20 percent of the Company's paid-in capital, 10 percent of total assets, or NT\$300 million or more—except for the purchase or sale of domestic government bonds, bonds subject to repurchase or reverse repurchase agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises—the following information must first be approved by at least one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution before a transaction contract may be executed and payment made:

- 1、 The purpose, necessity, and expected benefits of acquiring or disposing of the assets.
- 2、 The reasons for selecting a related party as the counterparty to the transaction.
- 3、 When acquiring real property or the right to use such property from a related party, relevant information assessing the reasonableness of the proposed transaction terms in accordance with the provisions of Articles 12 and 13.
- 4、 The original acquisition date and price of the related party, the counterparty to the transaction, and the relationship between the counterparty and the Company and the related party.
- 5、 A cash flow forecast for each month of the coming year, beginning in the month the contract is expected to be signed, along with an



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assessment of the necessity of the transaction and the reasonableness of the use of funds.

- 6、 A valuation report issued by a professional appraiser or an opinion from a certified public accountant, obtained in accordance with the provisions of this procedure.
- 7、 Restrictions on this transaction and other important terms and conditions.

Where the Company and its subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital, engage in the following transactions with each other, and the amount is NT\$20 million or less (inclusive), such transactions shall be submitted to the Chairman for approval and reported to the next Board of Directors meeting; where the amount exceeds NT\$20 million, such transactions must also be submitted to the Board of Directors for approval before they may be carried out:

- 1、 Acquisition or disposal of equipment or right-of-use assets used for business operations.
- 2、 Acquisition or disposal of right-of-use assets for real estate used in business operations.

If the Company or a subsidiary that is not a domestic publicly traded company engages in a transaction described in Paragraph 1, Subparagraph 1, Item 2, and the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall submit the information listed in Paragraph 1, Subparagraph 1, Item 2 to the shareholders' meeting for approval before entering into the transaction agreement and making any payments. However, this provision does not apply to transactions between the Company and its subsidiaries, or between subsidiaries themselves.

The calculation of the transaction amounts referred to in Paragraph 1, Subparagraph 1, Item 2 and the preceding paragraph shall be conducted in accordance with the provisions of Article 24, Paragraph 2 of these Procedures; furthermore, the term "one year" shall be calculated by looking back one year from the date on which the transaction in question occurred, excluding any portions that have already been approved by more than half of all members of the Audit Committee and submitted to the shareholders' meeting and the board of directors for resolution in accordance with the regulations.

2. Implementing Unit: When the Company acquires or disposes of assets with related parties, it shall comply with the provisions of Articles 6, 7, and 8.

12. When the Company acquires real estate or assets with usage rights from a related party, it shall assess the reasonableness of the transaction cost using the following method:
1. The transaction price paid to the related party, plus the interest on necessary funds and the costs legally borne by the purchaser. The cost of interest on necessary funds shall be calculated based on the weighted average interest rate of the loans obtained by the Company in the year of the asset acquisition; however, it shall not exceed the maximum borrowing interest rate for non-financial institutions published by the Ministry of Finance.
  2. If a related party has previously secured a loan from a financial institution by mortgaging the subject property, the total appraised value of the loan extended by the financial institution for that property shall be used; provided, however, that the cumulative actual loan amount extended by the financial institution for that property must reach at least 70 percent of the total appraised value, and the loan period must have exceeded one year. This provision shall not apply if the financial institution and one of the parties to the transaction are related parties.

In the case of a combined purchase or lease of land and a building constituting the same subject property, the transaction cost for the land and the building may be assessed separately using either of the methods listed in the preceding paragraph.

When the Company acquires real estate or assets representing the right to use real estate from a related party, it shall evaluate the cost of such real estate or assets in accordance with the provisions of the first and second paragraphs above, and shall request a certified public accountant to review the evaluation and provide a specific opinion.

Where the Company acquires real estate or right-of-use assets from a related party under any of the following circumstances, it shall proceed in accordance with the provisions of the preceding Article, and the provisions of the preceding three paragraphs shall not apply:

1. The related party acquired the real estate or the right-of-use asset through inheritance or a gift.
2. The date on which the related party entered into a contract to acquire the real estate or the right-of-use asset was more than five years prior to the date of the transaction in question.
3. The real estate is acquired through a joint development agreement with a



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related party, or through commissioning a related party to construct real estate, such as on land provided by the related party or on leased land.

4. The Company and its subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or total capital, acquire right-of-use assets for real estate for business use from one another.

13. If the Company's valuation results under Paragraphs 1 and 2 of the preceding Article are both lower than the transaction price, the Company shall proceed in accordance with the provisions of Article 15. However, this shall not apply if any of the following circumstances apply, provided that objective evidence is presented and specific, reasonable opinions are obtained from a professional real estate appraiser and a certified public accountant:

1. Where a related party acquires vacant land or leased land and subsequently constructs a building thereon, the party may provide evidence demonstrating compliance with one of the following conditions:
  1. The value of the undeveloped land is assessed in accordance with the methods specified in the preceding article, and the value of the building is calculated based on the related party's construction costs plus a reasonable construction profit margin; the total of these amounts exceeds the actual transaction price. The "reasonable construction profit margin" shall be determined as the lower of the average gross profit margin of the related party's construction division over the most recent three fiscal years or the most recent gross profit margin for the construction industry published by the Ministry of Finance.
  2. Other transactions involving the same property or properties in the vicinity within one year, involving non-related parties, where the property areas are comparable and the transaction terms are deemed equivalent after adjusting for reasonable floor-level or regional price differentials in accordance with customary practices for real estate sales or leases.
2. The Company shall provide evidence that the real estate purchased from a related party or the right-of-use asset acquired through a lease has transaction terms comparable to other non-related-party transaction cases in the vicinity within one year and is of a similar area.

The "transaction cases in neighboring areas" referred to in the preceding paragraph



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shall, in principle, be those located within the same or an adjacent city block, within a radius of no more than 500 meters from the subject property, or with a similar publicly announced current value; “similar in area” shall, in principle, mean that the area of the other non-related-party transaction cases is not less than 50 percent of the area of the subject property; The “one-year period” referred to above shall be calculated retroactively for one year from the date on which the acquisition of the real estate or the right-of-use asset in question occurred.

14. If the Company acquires real estate or assets conferring the right to use real estate from a related party, and the valuation results calculated in accordance with the provisions of the preceding two paragraphs are both lower than the transaction price, the Company shall take the following actions:

1. The Company shall set aside a special surplus reserve in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act for the difference between the transaction price of the real estate or the right-of-use asset and the appraised cost, and shall not distribute such amount or use it to increase capital through a stock dividend. Investors who account for their investment in the Company using the equity method, if they are publicly traded companies, shall also set aside a special surplus reserve in proportion to their shareholding in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act.
2. Independent directors on the Audit Committee shall comply with the provisions of Article 218 of the Company Act.
3. The handling of the matters described in the preceding two paragraphs shall be reported to the shareholders’ meeting, and the details of the transactions shall be disclosed in the annual report and prospectus.

Where the Company has set aside a special surplus reserve in accordance with the preceding paragraph, such reserve may be utilized only after the asset acquired or leased at a high price has been recognized as an impairment loss, or has been disposed of, or the lease has been terminated, or appropriate compensation has been provided or the asset has been restored to its original condition, or there is other evidence confirming that the transaction was not unreasonable, and upon approval by the Financial Supervisory Commission.

If the Company acquires real estate or assets with rights of use from a related party, and there is other evidence indicating that the transaction is inconsistent with normal business practices, the Company shall also comply with the provisions of the

preceding two paragraphs.

## Engagement in Derivative Transactions

### 15. Trading Principles and Policies:

#### 1. Types of Transactions

The derivative financial instruments engaged in by the Company refer to forward contracts, option contracts, swap contracts, combinations of the aforementioned contracts, or structured products and other contracts embedding derivatives, the value of which is derived from specific interest rates, prices of financial instruments, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables.

The Company does not engage in any derivative transactions other than those described above.

#### 2. Management (Hedging) Strategy

The Company's trading in derivative financial instruments shall be conducted for hedging purposes. The selection of trading instruments shall primarily aim to mitigate risks arising from the Company's business operations. The currencies held must correspond to the Company's actual foreign currency needs arising from import and export transactions. As a general principle, the Company's overall internal positions (referring to foreign currency receipts and disbursements) shall be self-offset to reduce the Company's overall foreign exchange risk and minimize foreign exchange transaction costs.

#### 3. Division of Responsibilities

##### 1. Management Department

##### 1、Trading Personnel

- (1) Responsible for formulating strategies for the Company's financial instrument transactions.
- (2) Traders shall calculate positions on a biweekly basis, gather market information, analyze trends, conduct risk assessments, and formulate trading strategies. These strategies, once approved through the appropriate authorization process, shall serve as the basis for conducting trades.
- (3) Execute trades in accordance with authorized limits and established strategies.
- (4) In the event of significant changes in the financial markets or



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when trading personnel determine that established strategies are no longer appropriate, they shall submit an assessment report at any time to formulate new strategies. Upon approval by the General Manager, these strategies shall serve as the basis for trading activities.

## 2、 Accounting Staff

- (1) Perform transaction confirmation.
- (2) Verify that transactions are conducted in accordance with authorized limits and established strategies.
- (3) Conduct monthly evaluations and submit evaluation reports to the General Manager for approval.
- (4) Process accounting entries.
- (5) File reports and make public announcements in accordance with Financial Supervisory Commission regulations.

## 3、 Settlement Staff: Perform settlement tasks.

## 4、 Authorization for Derivatives Transactions

### (1) Approval Authority for Hedging Transactions

Approving Officer	Daily Trading Limit	Net Cumulative Position Trading Limit
General Manager	Up to 1 million USD or the equivalent in other foreign currencies	Up to 5 million USD
Chairman	US\$1 million or more (inclusive) or the equivalent in other foreign currencies	US\$5 million or more (inclusive)

(2) Transactions for Other Specific Purposes: The Company does not engage in transactions for specific purposes.

## 2. Performance Evaluation

- 1、 Performance is evaluated based on the gain or loss arising from derivative financial transactions at the Company's book exchange rate.



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- 2、 To fully understand and reflect the valuation risk of transactions, the Company evaluates gains and losses on a monthly basis.
- 3、 The management department shall provide the General Manager with foreign exchange position valuations, foreign exchange market trends, and market analysis for management reference and guidance.
4. Determination of Total Contract Value and Loss Limit
  1. Total Contract Value

The total contract value of derivative transactions engaged in by the Company shall not exceed fifty percent of the Company's net worth at any given time.
  2. Setting the Loss Limit:
    - 1、 The estimated loss for a single contract shall be 20 percent of the contract amount.
    - 2、 The estimated loss for all contracts combined is 20 percent of the total contract value.

## 16. Risk Management Measures

### 1. Credit Risk Management:

The Company limits its transactions to banks or related financial institutions with which it has a good business relationship and that can provide professional information.

### 2. Market Risk Management:

The Company shall continuously monitor and manage the risk of market price fluctuations in derivative instruments caused by changes in interest rates, exchange rates, or other factors.

### 3. Liquidity Risk Management:

To ensure market liquidity, the Company prioritizes financial products with higher liquidity (i.e., those that can be closed out in the market at any time) when selecting them. Financial institutions entrusted with trading must have adequate facilities, information, and the ability to execute trades in any market at any time.

### 4. Cash Flow Risk Management:

To ensure the stability of the Company's working capital, the Company shall limit the funding for derivative transactions to its own capital, and the transaction amounts shall be determined based on the projected cash flow needs



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for the next three months.

## 5. Operational Risk Management

1. The Company's authorization limits and operational procedures must be strictly followed to avoid operational risks.

2. Personnel engaged in derivatives trading and those involved in confirmation, settlement, and other related operations shall not hold concurrent positions.

3. Personnel responsible for risk measurement, monitoring, and control shall belong to departments different from those of the personnel mentioned in the preceding paragraph and shall report to the Board of Directors or to senior management who are not responsible for trading or position decisions.

4. Positions held in derivatives exchanges shall be assessed at least once a week; however, for hedging transactions conducted for business purposes, they shall be assessed at least twice a month, and the assessment reports shall be submitted to senior executives authorized by the Board of Directors.

## 6. Commodity Risk Management

Internal trading personnel shall possess comprehensive and accurate professional knowledge of financial instruments and shall require the bank to fully disclose risks to prevent the misuse of financial instrument risks.

## 7. Legal Risk Management:

Documents signed with financial institutions must be reviewed by specialists in foreign exchange and legal affairs or legal counsel before they can be formally signed, in order to avoid legal risks.

## 17. Internal Audit System

Internal auditors shall periodically assess the adequacy of internal controls over derivatives trading. They shall conduct monthly audits of the trading departments' compliance with procedures for derivatives trading, analyze the trading cycle, and prepare audit reports. If any material violations are discovered, the Audit Committee shall be notified in writing.

## 18. Methods of Periodic Assessment

1. The Board of Directors shall authorize senior management to periodically monitor and evaluate whether derivative transactions are conducted in strict



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accordance with the Company's established trading procedures and whether the risks assumed remain within acceptable limits. In the event of any anomalies in market valuation reports, senior management shall immediately report to the Board of Directors and take appropriate measures.

2. Positions held in derivative transactions shall be assessed at least once a week; however, for hedging transactions conducted for business purposes, assessments shall be conducted at least twice a month. The assessment reports shall be submitted to the senior executives authorized by the Board of Directors.
3. Principles for the Board of Directors' Oversight of Derivatives Transactions
  1. The Board of Directors shall designate senior executives to monitor and control the risks associated with derivative transactions at all times. The management principles are as follows:
    - 1、 Regularly assess whether the current risk management measures are appropriate and ensure compliance with the handling guidelines and the provisions of Article 16 of this procedure.
    - 2、 Monitor trading activities and profit and loss; upon discovering any irregularities, take necessary corrective measures and immediately report to the Board of Directors. Independent directors shall attend these Board meetings and express their opinions.
  2. Periodically assess whether the performance of derivative transactions aligns with established business strategies and whether the risks assumed fall within the Company's acceptable risk tolerance.
  3. When the Company engages in derivative transactions and authorizes relevant personnel to handle such transactions in accordance with the established procedures for derivative transactions, a report shall be submitted to the most recent Board of Directors meeting.
  4. When the Company engages in derivative transactions, it shall establish a record book and detail therein the types of derivative transactions, amounts, dates of Board approval, and matters subject to prudent assessment pursuant to Paragraphs (1) and (2) of Paragraphs 2 and 3 of this Article for reference.

## **Business Mergers, Spin-offs, Acquisitions, and Share Transfers**

19. Assessment and Operational Procedures for Mergers, Divestitures, Acquisitions, and Share Transfers



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1. When the Company carries out a merger, division, acquisition, or share transfer, it shall first submit the matter to the Audit Committee for review; it is also advisable to engage lawyers, certified public accountants, and underwriters to jointly deliberate on the statutory procedures and projected timeline, and to organize a task force to execute the process in accordance with statutory procedures. Prior to convening a Board of Directors meeting to pass a resolution, the Company shall engage certified public accountants, attorneys, or securities underwriters to express their opinions on the reasonableness of the share exchange ratio, the acquisition price, or the cash or other assets to be distributed to shareholders, and submit such opinions to the Board of Directors for discussion and approval.

However, the Company may be exempt from obtaining the aforementioned expert opinions on reasonableness in the event of a merger with a subsidiary in which the Company directly or indirectly holds 100 percent of the issued shares or total capital, or in the event of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or total capital.

2. The Company shall prepare a public document addressed to shareholders containing the key terms of the merger, division, or acquisition and related matters prior to the shareholders' meeting, and shall deliver it to shareholders together with the expert opinions referred to in the preceding paragraph and the notice of the shareholders' meeting, to serve as a reference for determining whether to approve the merger, division, or acquisition. However, this provision shall not apply where other laws exempt the Company from convening a shareholders' meeting to resolve on matters of merger, division, or acquisition.

If the shareholders' meeting of any company participating in a merger, division, or acquisition cannot be convened or cannot pass a resolution due to insufficient attendance, insufficient voting rights, or other legal restrictions, or if a proposal is rejected by the shareholders' meeting, the company participating in the merger, division, or acquisition shall immediately issue a public statement explaining the cause, the follow-up procedures, and the anticipated date for convening the shareholders' meeting.

20. Unless otherwise provided by other laws or unless special circumstances have been reported to and approved in advance by the Financial Supervisory Commission, a

company participating in a merger, division, or acquisition shall convene both a board of directors meeting and a shareholders' meeting on the same day to resolve matters related to the merger, division, or acquisition.

A company involved in a share transfer shall convene a board of directors meeting on the same day, unless otherwise provided by other laws or unless special circumstances exist for which prior approval has been obtained from the Financial Supervisory Commission.

A listed company or a company whose shares are traded at a securities firm's business premises that participates in a merger, demerger, acquisition, or share transfer shall prepare a complete written record of the following information and retain it for five years for audit purposes:

1. Basic information on personnel: Including the titles, names, and national ID numbers (or passport numbers for foreign nationals) of all persons involved in the planning or execution of a merger, demerger, acquisition, or share transfer prior to the public disclosure of the information.
2. Dates of Key Events: Including the dates of signing letters of intent or memoranda of understanding, engaging financial or legal advisors, signing contracts, and holding board meetings.
3. Important Documents and Minutes: Including plans for mergers, demergers, acquisitions, or share transfers; letters of intent or memoranda of understanding; important contracts; and minutes of board meetings.

A listed company or a company whose shares are traded on a securities firm's trading floor that participates in a merger, demerger, acquisition, or share transfer shall, within two days from the date of the board of directors' resolution, file the information specified in subparagraphs (1) and (2) of the preceding paragraph with the Financial Supervisory Commission for record through an Internet information system in the prescribed format.

If any company participating in a merger, demerger, acquisition, or share transfer is not a listed company or a company whose shares are traded at a securities firm's business premises, the listed company or the company whose shares are traded at a securities firm's business premises shall enter into an agreement with such company and proceed in accordance with the provisions of Paragraphs 3 and 4.

21. The share exchange ratio or acquisition price may not be arbitrarily altered except under the following circumstances, and the conditions under which such changes are



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permitted shall be specified in the merger, division, acquisition, or share transfer agreement:

1. Conducting a cash capital increase, issuing convertible corporate bonds, issuing bonus shares, issuing corporate bonds with stock options, issuing preferred stock with stock options, issuing stock warrants, or issuing other securities of an equity nature.
2. Disposal of the company's major assets or other actions that affect the company's financial operations.
3. Occurrence of major disasters, significant technological changes, or other events affecting the rights of the company's shareholders or the price of its securities.
4. Adjustments resulting from the repurchase of treasury stock by any party to a merger, division, acquisition, or share transfer in accordance with the law.
5. Changes in the number or composition of entities involved in a merger, demerger, acquisition, or share transfer.
6. Other conditions stipulated in the agreement that may be amended and have been publicly disclosed.

22. The agreement shall specify the rights and obligations of the companies involved in the merger, division, acquisition, or share transfer, and shall include the following matters:

1. Handling of breaches of contract.
2. The principles governing the treatment of previously issued equity securities or repurchased treasury shares of a company that is dissolved or split off as a result of a merger.
3. The number of treasury shares that participating companies may repurchase in accordance with the law after the record date for calculating the share exchange ratio, and the principles governing their treatment.
4. The procedures for handling changes in the number of participating entities.
5. The projected progress of the plan's implementation and the anticipated completion schedule.
6. Relevant procedures, including the scheduled date for convening a shareholders' meeting as required by law, in the event the plan is not completed by the deadline.



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## 23. Other Matters to Note

1. **Prior Confidentiality Undertaking:** All persons participating in or having knowledge of the company’s merger, division, acquisition, or share transfer plan shall provide a written confidentiality undertaking. Prior to the public disclosure of information, they shall not disclose the contents of the plan to any third party, nor shall they, either on their own behalf or through others, buy or sell shares or other equity-based securities of any company related to the merger, division, acquisition, or share transfer.
2. **Changes in the Number of Companies Participating in a Merger, Division, Acquisition, or Share Transfer:** If, after the information has been made public, any party to a merger, division, acquisition, or share transfer intends to proceed with another merger, division, acquisition, or share transfer with other companies, except in cases where the number of participating companies has decreased and the shareholders’ meeting has already passed a resolution authorizing the board of directors to amend its authority—in which case the participating companies may be exempt from convening a shareholders’ meeting to pass a new resolution—any procedures or legal acts already completed in the original merger, demerger, acquisition, or share transfer must be re-performed by all participating companies.
3. **If any of the companies participating in a merger, division, acquisition, or share transfer is not a publicly traded company, the Company shall enter into an agreement with such company and proceed in accordance with the provisions of Article 20 and the preceding two paragraphs of this Article.**

## 3. Disclosure of Information

### 24. Information Disclosure Procedures

1. **Items Subject to Public Announcement and Reporting, and Standards Therefor**

Where the Company acquires or disposes of assets under the following circumstances, it shall, within two days from the date the event occurs, publicly announce and file the relevant information on the website designated by the Financial Supervisory Commission in the prescribed format according to the nature of the transaction. If the matter constitutes material information requiring the convening of a press conference or an application to the



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competent authority to suspend trading in securities, the Company shall proceed in accordance with relevant laws, regulations, and procedures:

1. Acquisition or disposal of real estate or assets involving the right to use real estate from a related party; or transactions with a related party involving the acquisition or disposal of assets other than real estate or assets involving the right to use real estate, where the transaction amount reaches 20 percent of paid-in capital, 10 percent of total assets, or NT\$300 million or more. However, this provision does not apply to the purchase or sale of domestic government bonds, bonds subject to repurchase or reverse repurchase agreements, or the subscription to or redemption of money market funds issued by domestic securities investment trust companies.
2. Conducting mergers, spin-offs, acquisitions, or share transfers.
3. Losses from derivative transactions reach the maximum loss limit for all or individual contracts as specified in these procedures.
4. Acquiring or disposing of equipment used for business operations or assets with rights of use, where the counterparty is not a related party, and the transaction amount meets one of the following criteria:
  1. If the Company's paid-in capital is less than NT\$10 billion, the transaction amount is NT\$500 million or more.
  2. If the Company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Acquisition of real estate through self-owned land development, leased land development, joint development with unit allocation, joint development with profit sharing, or joint development with unit sale, where the counterparty is not a related party, and the Company's estimated investment in the transaction amounts to NT\$500 million or more.
6. Asset transactions other than those listed in the preceding five subparagraphs, the disposition of claims by financial institutions, or investments in the Mainland region, where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more. However, the following circumstances are exempt from this requirement:
  1. The purchase or sale of domestic government bonds or foreign

- government bonds with a credit rating no lower than that of the Republic of China's sovereign rating.
2. The purchase or sale of bonds subject to repurchase or reverse repurchase agreements, or the subscription to or redemption of money market funds issued by domestic securities investment trusts.
  7. If, following the reporting of a transaction in accordance with this procedure, any of the following circumstances arise:
    1. Any amendment, termination, or cancellation of the relevant contract entered into for the original transaction.
    2. A merger, spin-off, acquisition, or transfer of shares is not completed in accordance with the schedule specified in the contract.
    3. There is a change to the content of the original public filing.
  2. The transaction amount referred to in the preceding paragraph shall be calculated as follows:
    1. The amount of each individual transaction.
    2. The cumulative amount of transactions involving the acquisition or disposition of assets of the same nature with the same counterparty within one year.
    3. The cumulative amount within one year of acquiring or disposing of (with acquisitions and disposals calculated separately) real estate or assets with usage rights under the same development project.
    4. The cumulative amount of acquisitions or disposals (with acquisitions and disposals calculated separately) of the same securities within one year.
  3. The "one-year period" referred to in the preceding paragraph is calculated by looking back one year from the date on which the transaction in question occurred; amounts already disclosed in accordance with regulations shall not be included in this calculation.
  4. Public Disclosure and Reporting Procedures
    1. The Company shall announce and report the relevant information on the website designated by the Financial Supervisory Commission.
    2. The Company shall, on a monthly basis, enter the details of derivative



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transactions conducted by the Company and its subsidiaries that are not domestic publicly traded companies as of the end of the previous month into the information reporting website designated by the Financial Supervisory Commission by the 10th of each month, in accordance with the prescribed format.

3. If any items required to be disclosed by the Company contain errors or omissions at the time of disclosure and require correction, the Company shall re-disclose and report all items within two days from the date such errors or omissions are discovered.
4. Upon acquiring or disposing of assets, the Company shall keep the relevant contracts, meeting minutes, reference ledgers, appraisal reports, and opinions issued by certified public accountants, attorneys, or securities underwriters on file at the Company's premises for at least five years, unless otherwise provided by other laws.

## 4. Supplementary Provisions

25. The provision in these procedures regarding 10 percent of total assets shall be calculated based on the total assets reported in the most recent standalone or separate financial statements as prescribed by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.  
If the Company's shares are no-par or have a par value per share other than NT\$10, the transaction amount requirement of 20 percent of paid-in capital in these operating procedures shall be calculated based on 10 percent of the equity attributable to the parent company's owners.
26. The Company and each of its subsidiaries may individually purchase real estate not used for business operations, as well as right-of-use assets or marketable securities, and the limits on investments in individual securities shall be subject to the following restrictions:
  1. The total value of real estate not used for business operations and related right-of-use assets shall not exceed 30 percent of the Company's net worth as reported in its most recent financial statements.
  2. The total value of investments in securities shall not exceed 65 percent of the net worth reported in the Company's most recent financial statements.



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3. The limit on investment in any single security shall not exceed 30 percent of the Company's net worth as reported in its most recent financial statements.

## 27. Control Procedures for the Acquisition or Disposal of Assets by Subsidiaries

1. Subsidiaries shall establish "Procedures for the Acquisition or Disposal of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition or Disposal of Assets by Publicly Traded Companies." These procedures shall be approved by the subsidiary's board of directors and submitted to the shareholders' meeting for approval; the same applies to any amendments.
2. When a subsidiary acquires or disposes of assets, it shall proceed in accordance with the aforementioned "Procedures for the Acquisition or Disposal of Assets."
3. If a subsidiary is not a domestic publicly traded company and its acquisition or disposal of assets meets the criteria for public announcement and reporting as stipulated in the "Regulations Governing the Acquisition or Disposal of Assets by Publicly Traded Companies," the Company shall handle the public announcement and reporting on behalf of such subsidiary.
4. With regard to the standards for public announcements and filings applicable to subsidiaries, the provisions concerning paid-in capital or total assets shall be based on the Company's paid-in capital or total assets.

## 28. Penalties

If personnel responsible for the Company's acquisition or disposal of assets violate the relevant guidelines or this procedure, a first-time violation shall result in a verbal reprimand; a repeat violation shall result in a written warning; and habitual violations or serious offenses shall result in a transfer.

## 29. Implementation and Amendments

This procedure shall be implemented after obtaining the approval of at least one-half of the Audit Committee members, followed by approval by the Board of Directors and submission to the shareholders' meeting for approval; the same applies to any amendments.

If approval is not obtained from more than half of all members of the Audit Committee, the procedure may be implemented with the consent of more than two-



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thirds of all directors, without being subject to the restrictions of the preceding paragraph; in such cases, the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

When the Company submits procedures for the acquisition or disposal of assets, or related transactions, to the Board of Directors for discussion in accordance with regulations, it shall fully consider the opinions of each independent director; if any independent director expresses an objection or reservation, such opinion shall be recorded in the minutes of the Board of Directors meeting.